# FINANCIAL TIMES

World Business Newspaper http://www.FT.com

with the total and the second

f tyrith have

the production of the

5. In Vall Com

harings erusia ents

Section 1992 to 1992

grand to see a contract

and the following the second

Financial Times Surveys

**Private Equity** 

Buy-out Market

Friday May 29

44 175 472 3306

HANNOIM, TIMES

but being burn in . . .

MONDAY APRIL 27 1998



**Business strategy** Honesty is the best policy in customer service Lucy Kellaway, Page 11

Opec ready to cut

crude oil output

again to boister

Opec hinted it was ready to cut

crude oil output in an attempt to

underpin sagging international prices. Energy ministers of three

meeting of the group - in Vienna

on June 24 - must address the

David S. Smith of the UK and

the corrugated cardboard

Europe, Page 18; See Lex.

Guif states said the next scheduled

issue of oil prices. Page 18; Canadian oil groups hit, Page 22

Metsā Seria of Finland have bid for

operations of KNP of the Nether-

a restructuring of the industry in

ITNET, former information technol-

ogy services am of Cadbury

the London stock market in a

Rolls-Royce Motor Cars chief

which has developed over the

Volkswagen, Europe's biggest

carmaker, reported net profit dou-

bled to DM345m (\$191m) in the

first three months. Page 22

Allianz, the German insurance

assurance market in the Philip-

Kirin Brewery executives spent

the weekend with counterparts from Lion Nathen, the New Zea-

land brewer, in talks which could

lead to a link with the Japanese

Cummine Engine of the US, the

investment in new, lightweight engines that will greatly extend its product range. Page 25

Kellogg, the Michigan-based

cereal menufacturer, reported a 6

per cent fall in volumes during the first quarter. Page 25

Bernard Ebbers, chief executive of

WorldCom, was paid a \$17m cash

bonus last year, one of the largest

made to an American executive.

Bankers Trust, US bank holding

company, took control of NatWest

Markets' equities research, institu-

many markets origination business

Rod Stewart, British rock singer,

has clinched a \$15.4m securitised

loan from Nomura Capital, Japa-

nese banking group, backed by

revenues from his music publishing

**World Equity Markets** 

The letest trands and data from more

than 50 national markets at a glance

tional sales and trading and pri-

in Europe, Page 25

catalogue. Page 19

Page 25

sal engines, is to announce a target

sion in Asia. Page 24

brewer, Page 19

group, has entered the \$650m life

pines, the latest move in its expan-

maroue, Page 19

Schweppes, UK soft drinks and

confectionary group, is to float on

move likely to value the company

at up to £200m (\$340m). Page 20

executive Graham Morris called for

a swift and to the takeover battle

lands in a deal that would result in

sagging prices



Vagit Alekperov Russia's oil baron with global ambitions Profile, Page 11



German economy The recovery continues but progress is patchy

Today's survey Asian Financial Markets Pages 27-30

#### WORLD NEWS

#### US envoy fails to make headway over Israeli pullback from West Bank

US peace envoy Dennis Ross, who began another round of shuttle diplomacy in the Middle East, has so far failed to gain concessions from Israel over the delayed secand Israeli pullback from the West Bank, Page 3

Banks open Holocaust talks The big three Swiss banks are to start discussing how much they will have to pay to settle the multibillion dollar class actions from Holocaust survivors. Page 5

Spale to act against spillage mine Spain plans to take legal action over a serious toxic spill at a mine in southern Spain owned by the Swedish-Canadian Boliden group.

Challenge for Dutch PM The Dutch general election cam-paign intensified after Frits Bolkestein. Eurosceptic parliamentary leader of the free-market WD party, said he would be his party's sole candidate for the premiership, pitting himself directly against prime minister Wim Kok. Page 2

Kurdish robels killed Turkish security forces said 31 Kurdish rebels died in fighting in the south-east of the country. Three members of the security

forces also died in the clashes. Hillary Clinton quizzed Hillary Clinton was questioned for five hours by independent prosecutor Kenneth Starr, with less than two weeks to go before the expiration of a grand jury investigating sleged orimes by Mrs Clinton and

US president Bill Clinton.

Indonesia protests grow Student protests against the rule of President Subarto of Indonesia escalated, sparking clashes with riot police and claims that the mill-

Extrada widens land Philippines vice-cresident Joseph Estrada increased his lead in the race for the presidency, according to the latest poll. Mr Estrada, who is running on a pro-poor plat-

Setback for Abacha Military leader General Sani Abacha's campaign to have himself reelected civilian president of Nigeria suffered a setback as the electorate largely heeded an opposition call to snub national assembly elections. Page 3

Briten reported held in Iran An tranian newspaper reported that Iran had arrested a Briton suspected of spying after he was caught filming in a restricted area in the country's Kurdistan province.

Saudi Arabia "to free nurses" British nurses Deborah Parry and Lucitie McLauchian, imprisoned in Saudi Arabia for murder, were being considered for release, their lawyer said. He expected them to be home within a fortnight.

Green cars get green light Six European cities are to give "green" vahicles exclusive rights to enter their central areas from 2001.

Birth of the Euro



This week the European Union will select the founder members of economic monetary union in the most far reaching development in Europe this decade, in a special section on Thursday, FT writers look at the creation of the new euro-zone. which will make up the second-largest. economy in the world.

The chart shows the measure

currencies of the exchange rate

weakent currency in the system.

utited to fluctuate within 15 per

Cord of agreed control rates again

-Mark and the guideer which move

the other members of the

in a 2.25 per cost band.

Most of the currencies are per-

sechanism measured academi the

EMS: GRID



CTHE FINANCIAL TIMES LIMITED 1998 No.33,583
Limites - Leads - Parts - Frankfurt - Stockholm - Milan - Modrid - Maw York



# BUSINESS NEWS Germany's far right snatches limelight from

**SPD** victory

DVU makes big gains at Saxony-Anhalt election with CDU losing third of voters

By Peter Norman io Boon and Frederick Stildemann in Magdeburg

A widely expected election victory for Germany's opposition Social Democrats in the eastern state of Saxony-Anhalt was overshadowed last night by strong gains for a far-right party, the Deutsche Volksunion (DVU). Helmut Kohl, the chancellor

who united eastern and western Germany in 1990, was humiliated as voters deserted his Christian Democratic Union in droves. It was the only significant test this year of the electoral mood in the former communist east before the September 27 general elec-

The DVU's unexpectedly strong showing sent shock waves through Germany's democratic parties. According to a computer projection for the ZDF television channel, broadcast 90 minutes after polls closed, it came from nowhere in the campaign's last three weeks to win 12.7 per cent of the vote.

However, the far right's gains appeared rooted in specific peculiarities of the Saxony-Anhalt campaign rather than signalling a new trend in German national

The DVU, backed by Gerhard Frey, a Munich-based publisher of ultra-right books and newspapers, mounted an expensive local poster and mailshot campaign targetting the young.

The party focused on job creation and hostility to foreigners and the euro. Saxony-Anhalt has the highest unemployment of Germany's 16 Linder (states).

The DVU's strong showing and the failure of the environmentalist Greens to clear the 5 per cent hurdle to re-enter the state parliament will change the political landscape of the state.

Over the past four years, it has been governed by a minority SPD-Greens coalition that has been kept in power, or "toler- eral election.

sted", by the ex-communist Party of Democratic Socialism.

The ZDF computer projection gave the SPD 36.9 per cent of the vote, up from 34 per cent in 1994. Support for the CDU, previously the biggest party in the state par-liament, plunged to 22.1 per cent from 84.4 per cent. The PDS share of the vote slipped to 19.2 per cent from 19.9 per cent.

Last week, opinion polls pointed to a big SPD win with more than 40 per cent of the votes. Yesterday's poll was marked by a strong turnout of about 70 per cent of the state's 2.16m voters, in contrast to the 1994 poll when only 54.8 per cent

The result prompted speculation that the SPD might form a "grand coalition" in the state with the CDU as its junior partner. However, in first reactions, Reinhard Höppner, the state's SPD prime minister, said only that he would start negotiations with the aim of forming a "strong kovernment".

The election result contained a warning for Gerhard Schröder. the SPD chancellor candidate, as support for the Greens, a putative coalition partner for the SPD at the national level, dropped from 5.1 per cent to 3.2

Elsewhere, the small marketoriented Free Democrat party, a member of Mr Kohl's coalition, seemed almost certain not to enter the state parliament despite vigorous campaigning by Hans-Dietrich Genscher, 71, the former foreign minister, who was born in the state. Peter Hintze, the CDU's general

secretary, admitted last night that the election result was a "clear defeat". It is likely to renew debate inside the party over whether Mr Kohl, who made eight election appearances in the state, is the right person to lead the CDU into September's gan-



Former Russian national security chief Alexander Lebed meets an elderly voter as the Siberian province of Krasnoyarsk went to the polis to elect a governor yesterday. If he wins he will gain a power bese from which to launch a tild for the Kremlin in 2000. Report, Page 2.

# Computer giants 'could gain stranglehold' on the future

The rapid pace of technological development in the computer industry could lead to "bottleneck monopolies" which restrict access to new markets, one of the US government's leading antitrust officials has warned.

Robert Pitofsky, chairman of the Federal Trade Commission, which is conducting a broad antitrust inquiry into Intel, the world's largest chipmaker, said such monopolies could establish a stranglehold on future technol-

about what someone could do about it if that monopoly leads to the next bottleneck monopoly, he said. "In that narrow zone, it might be that you declare the structure itself to be anti-compet-

The FTC is concerned that such monopolies could control the gateway to new markets in the computer industry. Developments in both software and hardware would need to comply with the monopoly's technology, making it hard for smaller companies to gain a foothold.

polies may prove a critical influence on the outcome of the Intel inquiry, which was launched in September. The investigation is still in its preliminary stages and the commission has reached no decision about any possible action against Intel.

According to the FTC, Intel has

a 90 per cent market share of all

microprocessors in dollar terms.

Its market power "is magnified by its huge installed base, brand recognition and network effects", the commission said last week. Mr Pitoisky said it was unclear "Once you have a bottleneck how current US antitrust laws monopoly it raises questions could be applied to modern bottleneck monopolies in

> so-called "essential facilities The leading precedent dates back to the turn of the century and involved the railway owners of the only bridge across the Mississippi River. The court found the owners were discriminating between customers when they should have treated them equally.

The FTC has already shown it is keen to stimulate increased competition with Intel's chips. Last week it said it wanted to ensure Digital Equipment's ating system.

itive alternative to Intel's chips" The commission feared Intel's \$700m purchase of Digital's

Alpha manufacturing plant

would jeopardise one of the "very

few" competitors to Intel's

Pentium line. In particular, it

was concerned that the deal

placed Alpha's production, salesforce and engineers under the control of its main rival. The FTC ordered Digital to license Alpha production to at least three competitors: Samsung Electronics, Advanced Micro

Devices and International Busipess Machines. The Intel inquiry is seen as the

second half of the US government's antitrust investigations of the two dominant players in the computer industry. It mirrors the justice department's more established investigation into Microsoft, which is expected to reach a watershed within the next two months.

Investigators at the justice department are considering whether to launch a full antitrust suit against Microsoft before the June launch of Windows 98, the new version of its flagship oper-

# Chinese city seeks foreign saviours for ailing companies

By Peter Montagnon, Asia Editor, in Loadon

The north-eastern Chinese city of Shenyang is preparing to offer foreign companies management contracts for restructuring its ailing state-owned enterprises. replete with struggling heavy goods companies.

Mu Suixin, the city's mayor, said groups taking on such contracts would be rewarded by a management fee and a share of up to 90 per cent of the profits generated by the restructured

appeal to foreign groups which are reluctant to assume the financial risk of owning a stake in the loss-making enterprises. Speaking in London, where he is leading one of the largest missions mounted by a Chinese city, Mr Mu said the approach was common in the hotel industry where owners often franchise the management to professional

Mr Mu is one of the regional officials who has been most eager to pick up the baton of enterprise reform from Zhu Rongji, the prime minister.

the hard sell, he has already panies will seek a listing this attracted attention - but apparently not much business - with an offer to sell 50 indebted Chi-nese companies at a price of one of listed companies.

sales pitch was an offer to exist-ing foreign investors: if they introduce another investor to Shenyang, they will receive a 10

Mr Mu said the aim of enterprise restructuring was not to raise money through privatisation but to improve the management of the companies so they could compete in global markets. He explained that the trouble with many companies was that

their management was inflexible and their products not tailored to meet market demand. During his This novel approach could trip to Europe, Mr Mu is seeking co-operative agreements for 18 of 309,436, in sectors ranging from commuters and food process ing to industrial machinery.

He said the Shenyang authori ties would prefer that foreign investors in these companies not make employees redundant, but they understand that some reductions in staff might be necessary

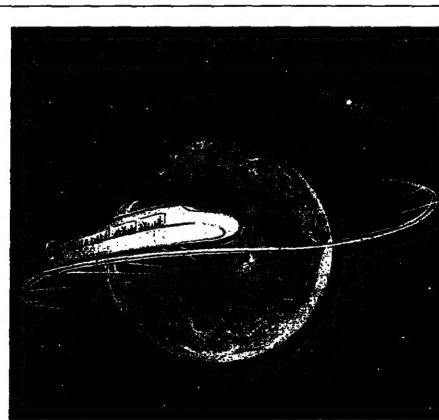
The mayor said companies which cannot attract foreign interest, or make the grade on their own, would eventually face closure.

As a further move towards pri-No stranger to innovation and vatisation, three Shenyang comyear on the stock markets on the mainland and in Hong Kong,

## CONTENTS

World News 2-6 UK News 6 Features 11,12,14 Comment & Analysis 16,17 Companies & Finance 19-25 World Stock Markets 37-39

Full contents and Lext back page



# Global banking made by WestLB.

The world is shrinking, growing, WestLB, one of Europe's leading wholesale banks, has experience and the

exceptional goals with on (+49) 211 5 37 95 22 or visit our Web site:



# WORLD NEWS

'Euro-x' council paris moves quickly to ensure dominant place for its views in proposed Euro finance ministers' group

# France plans for economic policy role

By Robert Graham in Paris

France is laying the groundwork to play a dominant role in the "Euro-x" council – the key informal policy body being formed next month by finance ministers of the 11 countries joining the single European currency.

France's Socialist-led government is convinced that spired EU stability pact. after next weekend's European Union summit launching the euro, the emphasis will quickly shift to political management of economic policies in the euro-zone.

This threatens to be a its debt stock.

tivities in co-ordinating bud- Dominique Strauss-Kahn, lined its differences with objective is not the euro but Ireland in particular is see getary policies in tandem with the independent role of the future European Central Bank (ECB) regarding mone-

Paris is moving quickly to reinforce its own views on adapting budgetary policies to harmonise with the demands of the German-in-This is to fend off German

budget deficit and to use surplus revenues from strong economic growth to reduce

pressure for a tougher

approach to cut France's

In preparation last week,

France's finance minister, presided over the first meeting of a new economic policy council. Drawn from within the treasury, this 14-person team is intended to prepare the agenda for Euro-x meet-

The Euro-x council is expected to meet first on June 6 under an Austrian presidency. The original idea was for an informal political a television interview that spending. body, like the G7 group of he would pursue only moderbig industrial nations, to co- ate reductions in France's to align macroeconomic poliordinate economic policy within the euro-zone. However, in two separate

ways Paris last week under- job creation. "My central economic cycles are in tune. controlling the Euro-r.

Bonn on the future role of France," he said bluntly. the Euro-x council by emphasising its essentially to bring the 1999 budget defi- need some budgetary finepolitical nature. The cit down to 23 per cent of National Assembly became gross domestic product from

ence to the council. This was followed up by Lionel Jospin, the prime minister, who made clear in tor pay deal and social relatively large budget deficit to honour his commit-

ment to social spending and

The government is aiming

the first EU parliament to 3 per cent. Most of the bene-pass a resolution on the euro fits from the "dividend" which makes specific refer- accruing from this year's higher treasury receipts from 3 per cent growth will be eaten up by a public sec-

> France recognises the need cies under the single currency, with special emphasis on ensuring that countries'

as ahead of the others in the future euro-zone and will

But it will be difficult for Paris to lecture other nations on budgetary policy when it is itself vulnerable to criticism for being behind in aligning with the EU aver-

age. Such a position helps explain why France is looking beyond the current controversy over the presidency of the European Cen-tral Bank - from which it risks coming away with less than it hopes - to focus on

have the support of the 14

Members of the Bundes-

# NEWS DIGEST

**BRUSSELS CALL FOR FINES** 

# **Employers 'should train** workers before dismissal'

European employers should be punished financially if they tall to train their workers to make them more employable. Scoons. ing to a draft report produced for the European Commission. "Careless restructuring, leading to employees being laid off. without proper training or employability, should involve a cost to the company equivalent to proper training," it says. The report will be presented to the EU heads of government

conference in Cardiff in June. "The group is of the opinion that employers have a social responsibility for giving every employee the training and development possibilities that make them attractive on the lebour market and prepared for new jobs," the draft says.

In addition, the report favours closer social dialogue between employers and employees in the provision of information and consultation; the spreading of new forms of work organisation negotiated by the social partners; and the promotion of refocused research and development programmes. Robert Taylor, Employment Editor

#### LEBED BID FOR OFFICE

# Krasnoyarsk voters out in force

The voters of Krasnoyarsk, a vast Siberian province, yesterday flocked to the polls in a gubernatorial ballot which will determine the political future of Alexander Lebed, a charismatic former general with presidential ambitions. In contrast with the lacklustre turn-out in other recent

regional elections, the race in Siberia has drawn unexpectedly high numbers of voters to the polls, with nearly 60 per cent of electors casting their ballots an hour before voting closed. As governor of Krasnoyarsk, Mr Lebed, who vanished from the national political scene when he was sacked as national security chief in 1996, would gain a mighty power base from which to launch a bid for the Kremlin in elections scheduled for 2000. But if he loses, the former paratrooper has said he

will not contest the presidency. Before the polling, analysts predicted that no condidate: would win the 50 per cent of votes needed. That would force a run-off in a few weeks. Chrystia Freeland, Moscow

#### **ELECTRONIC TRADING**

#### US wants decision on duties

Washington is continuing to press for a quick decision on duty-free electronic trading in the World Trade Organisation, apparently in the hope of a firm accord by May 19 when President Bill Clinton may attend 50th anniversary celebrations in Geneva of the multilateral trading system. In February the US proposed a WTO agreement not to

impose customs duties on electronic transmissions, including delivery of products such as music, films and software over the internet. However, though no country currently imposes duties, other WTO members have been wary of making a binding commitment to this effect without a broader study of the trade implications of electronic commerce.

At the WTO general council meeting on Friday, Canada proposed that WTO members agree not to levy duties until 2000, when the issue could be reconsidered, while the European Union put forward some suggestions for WTO work on internet trade. US officials urged an indefinite time limit for any standstill and said Washington was still seeking agreement

## NATURE RESERVE THREATENED

## Toxic spill at Spanish mine

Spanish authorities plan to initiate legal proceedings over a serious toxic spill during the weekend at a mine in southern Spain owned by the Swedish-Canadian Boliden group. However, they said an ecological catastrophe at the Donana wetlands nature reserve, Spain's principal national park,

had been narrowly everted by diverting the toxic water. The spill began early on Saturday when the earth wall of a reservoir burst, releasing contaminated water from the iron pyrite mines of Minas de Aznalcóllar. A black wall of water 500 metres wide flowed down the Guadiamar river, threatening the nature reserve 60km to the south. The park covers 75,000 ha of marshes and dunes and is home to numerous endangered wildlife species.

Boliden denied responsibility and said it appeared the ground was unstable. David White, Madrid

## PAY-TV PROPOSAL

# **New plan from German groups**

Kirch and Bertelsmann, the German media groups, will today present modified plans for their proposed pay-TV joint venture in order to reach a compromise with European competition authorities, a German newspaper reported yesterday.

Fears that the planned joint venture might create a monopoly in the emerging German pay-TV market prompted the European Commission to open a full inquiry into the deal. However, the media groups have contested the claim that the deal creates a monopoly. Last week the Kirch Group said that if Brussels did not clear the link-up with Bertelsmann, it would be forced to close DF1, the loss-making pay-TV service, in which it says it has invested DM1bn (\$550m).

The Welt am Sonntag newspaper quoted a Bertelsmann executive, Siegfried Luther, as saying both media groups were ready to put forward today detailed proposals for changes to the planned joint venture. Bertelsmann was yesterday unavailable for comment. Graham Bowley, Frankfurt

# Bundesbank doubts on ECB presidency compromise

The German Bundesbank still has deep reservations the Franco-Dutch deadlock over the appointment of the future president of the European central bank.

Enrope's most powerful cen- four years to give way to tral bank highlight how con- Jean-Claude Trichet, gover-

The stunning triumph

of José Borrell in the

contest to be the

Socialist opposition's candi-

date for prime minister in

the next Spanish election

has upset all political calcu-

On soaring grassroots sup-

port, and against all fore-

casts, Mr Borrell, the former

public works minister,

defeated the more moderate

party leader, Joaquin Almu-

nia, with 55 per cent of the

vote in a secret ballot among

He will now become the

party's figurehead in its

attempt to unseat José María

Aznar, the centre-right

prime minister, in elections

due at the latest in March

A snap opinion poll in the

daily El País, asking people.

which of the two they would

vote for as prime minister,

gave Mr Borrell 40 per cent

against 30 per cent for Mr

The remainder said they

would vote for neither or did

not know. A 57 per cent

majority thought the Social-

ists were strengthened by

a mixture of dream and

the choice.

members held on Friday.

troversial the issue of the ECB presidency has become, just days before European Union leaders are due to meet to settle the matter.

A possible compromise under which Wim Duisenberg. Dutch president of the European Monetary Insti-The continued doubts in tute, could step down after

José Borrell's victory in the Spanish Socialists' primary contest beat all the odds but poses problems for the moderate party leader he defeated, writes David White

nor of the Bank of France, would damage the ECB's up the presidency of the independence, the Bundesbank said.

According to the Masstricht treaty, the ECB's president should serve a non-re- bers of its board," a Bundesnewable eight-year term to underpin the future central hank's independence.

"One thing is sure, there at the end of this week to are reservations within the decide the founder members

Bundesbank about dividing of economic and monetary ECB because we think this does not conform with the Maastricht treaty and with the independence of membank official said yesterday.

and other colleagues pleaded

for him to stay on to retain

Mr Almunia would auto-

matically have been candidate for prime minister if he

had not had the idea of hold-

ing "primary" contests for

elected posts. He received

explicit backing in his cam-

paign from Mr González and

from Javier Solana, the Nato

secretary general, who has

also figured as a potential

During the campaign he

warned members against

"adventures" and "leaps into

the void", criticising Mr Bor-

rell as high-spender and a

Ope of the regional barons

backing Mr Almunia said a

Borrell victory would be "a

real disaster for the party

The party's 31-member

executive committee almost

unanimously took Mr Almu-

nia's side, as did the leaders

in its stronghold of Andalu-

cia. But Mr Almunia only

narrowly won there, and lost

in Seville, Mr González's

home city.
Mr Borrell, who was cele-

brating his 51st birthday on

Friday, swept through in

centralist.

structure".

an image of party unity.

board of the ECB, including the president. European Union leaders are due to meet in Brussels

suggested as a way of breaking the deadlock which arose after Jacques Chirac, French Trichet as a rival candidate

union. They are due to select

have also welcomed Mr Duis-

enberg's candidacy. There are fears that any compromise could severely president, nominated Mr undermine the financial markets' confidence in the

# Poll dream – or nightmare Crédit Lyonnais rescue plans

the six-member executive other EU governments.

# face more delay

A decision on the contested new rescue plan for Crédit Lyonnais, the state-owned French bank, is likely to be weeks, a senior European

Union official indicated yes-

terday. Yves-Thibault de Silguy. the French commissioner for ruptcy. monetary affairs, said in an interview with the Journal du Dimanche newspaper that discussions which were due to be resolved by the start of next month would now continue 'until mid-

May". His comments suggest there are still considerable differences of opinion between Brussels and the French government over the nature of the rescue plan, but a renewed willingness to ensure a compromise is

reached. There was a long fight between Brussels and Paris in 1995, when the original rescue plan for Crédit Lyonnais broke all previous state aid cases by including subsi-

dies of FFr45bn (\$7.4bn). That level was increased to FFr49bn in 1997 in an emergency measure, since when discussions on a new plan to put an end to the legacy of the bank's troubled past have been dragging on. The final value of state aid is

came after the European Commission was subjected to strong criticism in France last week when journalists emerged from a briefing delayed for at least two more under the impression that Brussels was willing to rule illegal the aid already given to the bank, risking driving Credit Lyonnals into bank-

Mr de Silguy's interview

That provoked the ire of French government officials who are planning a demonstration in Brussels at the end of this month.

Mr de Silguy said yester-day: "One cannot exclude decision on French aid, but there are real chances of reaching an agreement."

Originally, the Commission was due to discuss the new rescue plan for Crédit Lyonnais on April 29. It postponed that meeting until May 6.

However, Mr de Silguy's comments suggest it will be pushed back even further after he referred to talks between ministers in the "coming weeks".

The growing tensions between Paris and Brussels in the last few weeks over the details of the plan, which some put down to political posturing ahead of an agreement, led Mr Van Miert to give France a deadline of the with additional information.

#### This came after consistent Surprise party: José Borrell arrives at a news conference yesterday opinion poll leads for Mr after accepting his party's nomination for prime minister Aznar's Popular party over and possibly a Spanish former prime minister, as But Mr Borrell's victory is

answer to France's Lionel Jospin or Britain's Tony

nightmare for the Socialists. On the one hand, it has opened the prospect of a serious blow to the party revived electoral momentum with a new candidate who is 10 months after the resigna- an obligation" to submit his

On the other, it has dealt a

secretary general. Mr Almunia, Mr Gonz-

ález's successor and protégé, bas given himself until May 9 to decide whether to stand leadership, in place for only down. He said be felt "under

most regions, scoring over 80

of the nation" debate with a fine television performer tion of Felipe González, the resignation. But Mr Borrell Mr Aznar on May 12.

#### Mr Borrell, an engineer turned economist who stands to the left of the current party leadership, will have his first chance to exercise his new role in a "state

# per cent in his native Catalolikely to be at least

ity. He contrasted Rome's efforts to rein in public finances with expansionary government spending proposals set out by the Dutch labour party, saying: "The Italians are being stricter In a poll conducted after

etary union was to be a real-

cent found Mr Kok the more against 17 per cent for Mr

minister's persistently high personal rating among voters, Mr Bolkestein said the VVD might offer Mr Kok the opportunity to continue in that post if his party emerged only a seat or two behind. The premier, who has been using his own standing to seek continued primacy for the PvdA, said he would rather return to the back benches if that was

## Dutch coalition party leader to challenge democrat PvdA with the until after polling day on Brussels the weekend before Deferring to the prime

## By Gordon Cramb in Amsterdam

The Dutch general election campaign intensified at the weekend after Frits Bolkestein, Eurosceptic parliamentary leader of the free-mar-ket VVD party, said he year. would be his party's sole candidate for the premier- in personal popularity.

against Wim Kok, who since might leave the choice of 1994 has led a three-party who in the party would con-

de Belgique

VVD and the reformist D66. Although Mr Kok's party is currently ahead in the opinion polls, the VVD had been rated the most popular in numerous polls over the past

Mr Bolkestein, who trails delayed declaring his hand. This pits him directly Some had thought the VVD coalition grouping his social tend for the premiership

In this week's issue

The woman making over Société Générale

Brazil's New Look: Why portfolio

Minister, Mahathir Mohamad

managers are snapping up Brazilian

Business Week talks to Malaysia's Prime

For information call Int.+44(0)1628 502900

leader of the largest party in any coalition can lay claim to the top job.

He chose four years ago to lead the VVD from the benches of the lower house, declining a place in Mr Kok's cabinet so that he could speak out. He is known to be appalled at the prospect that the single currency - European Union leaders are due Friday night, Mr Bolkestein to decide its membership in appeared to accept that mon-

May 6. Traditionally, the the election - will start with as many as 11 countries. Through Gerrit Zalm, finance minister, the VVD has sought to ensure that the Netherlands presses for tough budgetary require-

ments on states with the largest debt and deficit ratios, notably Italy. But in a head-to-head televised debate with Mr Kok on credible and convincing,

than the PvdA." the debate for RTL5, 59 per

# Boost for opening rail freight market

# BusinessWeek By Michael Smith and Charles Batchelor to Chester

is to press ahead with controversial plans to open up Unilever: \$20 billion to spend on the rail freight market after winning what it said was initiative kunched at the stronger backing than expec-

> ministers at the weekend. Neil Kinnock, transport commissioner, said he aimed to produce by the end of the year a proposal to require national rail operators to offer 5 per cent of the freight market to other companies

> with immediate effect, rising

ted from European transport

to 25 per cent in 10 years. He was speaking at a joint meeting of European environment and transport ministers, held in Chester, in Britain, focusing on issues including how to cut transport-related pollution and

# Europe's cities give green light to green vehicles

to enter sensitive and historic

areas. Cities will renew bus and

public service vehicle fleets with

low-emission vehicles.

The European Commission Stx large European cities are to give "green" vehicles exclusive rights to enter their central areas from 2001 under an transport and environment ministers' conference yesterday, Charles Batchelor writes.

> "Europe has always been global warning targets set at clear that while we accept the Kyoto world summit last December. emissions trading it should European Union politinot be used as a reason for cians including John Pres-

> own economy," Mr Prescott cott, UK deputy prime mintster, and Ritt Bjerregaard. said yesterday. environment commissioner, The proposed liberalisawill sign the global warming tion of rail freight will be treaty in New York on accompanied by efforts to Wednesday in spite of conharmonise the rail systems cerns that the US will sideand rules governing state aid step the worst effects of the targets by buying trading hopes the measures will

The project is being led by The Alternative Traffic in Towns (Alter) project will allow Athens, Barcelona, Florence, only vehicles which meet zero Lisbon, Oxford and Stockholm, or near-zero emission standards but all 1,400 European Union

share of the freight market in recent years. The French transport minister, Jean-Claud Gayssot, not taking action in your opposed the enforced open-

ing of the market, saying European rail operators could achieve more by working together rather than ministers, including those from Spain and Italy, for them. The Commission expressed reservations but the Commission was encour-

cities with populations of

100,000 or more will be invited

to a conference in Florence in

October to consider joining.

countries, including Germany and the UK, indicated the liberalisation proposals did not go far enough. Separately, environment ministers set in progress a

review of chemicals legislation to identify ways of speeding assessment of potentially dangerous chemi-Existing legislation has targeted 120 chemicals for assessment but the process

has been completed for only one of them. Michael Meacher, environment minister of the UK, which holds the rotating presidency, said there was broad agreement that the existing system was competing. Several other not functioning properly. Some countries suggest

further legislation is needed. Others believe simplification of existing procedures will arrest a sharp decline in rail aged that they did not be enough to tackle delays.

FINANCIAL TIMES
Published by The Financial Times (Europe)
GmbH, Nibelungenplatz 3, 60318 Franklust am Main, Germany, Telephone +449
69 156 850, Fax +449 69 996 481, Represented in Financiart by J. Walter Brand,
Colin A. Kemard as Geschätzsührer and
in London by David C.M. Bell, Chairman,
and Ahm C. Miller, Deputy Chattman. The
shareholder of the Financial Times
(Europe) GmbH is Pearson Occurs Heldings Limited, 3 Burlangton Gardens, London. WIX ILE. Shareholder of this
company is Penrson pic, registered at the
same address. oppose the plans. Several

GERMANY: Responsible for Advertising content: Cobn A. Kesmard, Printer: Hürrivet International Verlagsgesellschaft mbH, Admiral-Rosen-dahl-Strasse 2a, 63263 Neu Isenburg ISSN 0174-7363. Responsible Editor: Richard Lumbert, 6th The Francial Times Lumted, Number One Southward Brules Lumted.

FRANCE: Publishing Derector: P. Maravigla, 42 Rue La Boete, 75008 PARIS, Telephone (61) 5376-8254. Fax (61) 5376-8253. Pruter: S. Nord Ectie, 1572 Rue de Caire, F-9109 Roubaux Coder, 1 Editor Richard Lambert, ISSN 1148-2753. Commusion Paritaire No 67808D.

The Financial Times Limited 1998. Editor: Richard Lambert, of The Financial Times Limited, Number One Southwark Bridge, London SEI WHL.



......

والمرازق ووالسار

<u>- 上 東海</u>

was and

2.00

 $\frac{1}{\sqrt{1-x}} e^{\frac{-x^2-x^2}{2}}$ والإفاع حواسات , AT3 1. 人名英格特斯 100 الشمقيها ا 4.0 2.50  $\mathcal{M} = \{ x_i \in \mathcal{X}_i \mid x_i \in \mathcal{X}_i \}$ 1. 10 1. 1

----20 12 The Congress The Spirit 1. - 1. 1 Marie 11 1 1 7949 40万年,個數 ा न हम्द्र ली Alleria de Maria

- ちょうせいます 宇宙機 के देखे के **क्रम**ी 4. 72.8 . I graeratr 19.0000 and the first on body at or it be The speed of

- 3 W

7. Est.

Chian ! PALME

ployers 'should train rkers before dismissal

MAININ MORE SERVER

MARKETSI

SELS CALL FOR FINES

apply to a page of the second

A lander, Estimateuren biere.

D BID FOR OFFICE

CTRONIC TRADING

snoyarsk voters out in for

wants decision on duties

TOME RESERVE THREATENED

K-TA BRINGISAL

xic spill at Spanish mine

rw plan from German group

restrictions on foreigners rate is 12.2 per cent, while The TA-25 blue chip index been compounded by the thermore, economists said

The dispute centres on kept high to check inflation

The dispute has made eign currency reserves, at traders uncertain about the the Bank of Israel and the over \$21bn, to deal with any government's intentions. finance ministry over the possible speculation. They Benjamin Netanyahu, the said interest rates would be Israeli prime minister, said he wanted to announce full fears by the finance ministry which may gain new convertibility before Israel's the currency has lost 5.74 that the shekel may be open momentum if the shekel 50th anniversary which per cent against the dollar.

"There is a view that the shekel is in any case overvalued," said Hadar Oshrat, trader at Hanot-Batchcha. Since the start of the year

well as ways to tax Israeli

monise its tax system as its economy becomes integrated

When the former Labour government tried to introduce capital gains tax two years ago, share prices fell between 15 and 20 per cent and the business lobby successfully campaigned into the world economy. Furagainst any tax reform.

# Insurance broker urges income code

One of the world's biggest commercial insurance brokers is urging the industry meanwhile, is reviewing the to draw up a global code of regulation of general insurpractice that would provide ance broking. a consistent set of rules for how companies are remuner-

US-based Aon Group believes such a move would reassure corporate buyers of insurance, who pay brokers for representing their interests in dealings with insurers, that pricing was trans-

Risk managers responsible for buying insurance at some of the world's biggest companies have expressed concern over the payment of incentives to brokers by insurance underwriters. Because these sums do not come from customers, they could conflict with the brokers' interest in getting the best deal.

Ron Forrest, a senior executive at Aon, suggested that regulations which govern the disclosure of broker remuneration, and which vary from country to country, should be reviewed.

"It would be helpful to have a code of practice that meant there was a consistent approach worldwide," he said yesterday.

His comments came ahead of an annual conference of risk managers in California

they find it difficult to obtain details of remuneration. The UK government,

A global code of practice would recognise that brokers received payment for work they carried out for insurers, said Mr Forrest. It could also suggest that the level of remuneration stay within appropriate limits. He added that 2 per cent of Aon's \$3.2bn overall broking reve-

nue comprised payments made by insurers. However, Mr Forrest said it was not practical to disclose every incentive agreement it had with insurance underwriters when dealing with clients. The incentives related to books of business placed with insurers, and

not specific transactions. His views contrasted with those of some brokers. Berry Palmer & Lyle, the specialist Lloyd's broker, has sent letters to its customers saying it does not accept incentive payments from insurers despite being offered them on several occasions.

The British Insurance and Investment Brokers Association, a broking trade body. said it was also in favour of a global code of practice for the industry. The Association of Insurance and Risk Managers expressed support. saying it would lead to

# Dispute holds up shekel convertibility

Convertibility of the Israeli shekel, due to be announced yesterday, was postponed said Israel had adequate forbecause of a dispute between

to speculative attack if loses value. The key interest takes place on Thursday.

Dennis Ross, the US peace

sions from Israel over the

delayed second Israeli pull-back from the West Bank.

on Saturday night with Ben-

jamin Netanyahu, the Israeli

prime minister, and again yesterday diplomats said "no

Mr Netanyahu yesterday

urged the US not to put pres-

sure on Israel to widen the

scope of its long-delayed troop withdrawal in the

"I hope that the United

States sticks to its position

that Israel and Israel alone

must determine its security

and its redeployment," he

"I assure you that we will

do our utmost but I will not

go beyond those things that

I think might jeopardise Israel's security," Mr Netan-

West Bank

headway" had been made.

After a three-hour meeting

Gaza to meet Yassir Arafat,

president of the Palestinian

revive the peace talks, takes

place a week before Made-leine Albright, US secretary

of state, meets Mr Netan-

yahu and Mr Arafat sepa-

US State Department offi-

cials said at the weekend the

peace process was "increas-ingly moribund", reflecting

Washington's growing pessi-

mism and frustration over

the lack of a political will to

bring both sides back to the

Mr Arafat has told US offi-

cials he is prepared to accept

the US plan calling for Israel

to hand over, in phased

withdrawals, 13.1 per cent of

the West Bank to the Pales-

Mr Arafat's acceptance of

However much Israel and

this is already well below his

original expectations of 30

rately in London.

negotiating table.

per cent.

envoy, who began another round of shuttle diplomacy at the weekend, has so far failed to extract any concess

Ross fails to make

trading in shekel options inflation is running at 5.6 closed 1.79 per cent lower government's plans to draw such reforms were a logical and futures are lifted.

per cent following four con- and some traders believed up a tax reform package. outcome of convertibility But Bank of Israel officials secutive monthly declines.

known to both sides.

Mr Netanyahu says the

nationalist and settler lob-

bies in the coalition which

are grouped around The

Land of Israel Front will

oppose any pullback and

could topple the govern-

But governing Likud depu-

ties admit Mr Netanyahu

has never called the bluff of

the nationalists. And in any

case the government would

not be toppled since the

opposition Labour party

would vote for a second rede-

Mr Netanyahu also says

he can only hand over "a

But the US has said it is

prepared to monitor how the

Palestinians are cracking

down on terrorism in order

to comply with Israel's secu-

single-digit percentage" for

ployment.

security reasons.

the currency has lost 5.74

Market nervousness has

the shekel would continue to These include the introduc- and foreign exchange liberaldecline against the dollar. tion of capital gains tax, as investments abroad.

Yaakov Neeman, the finance minister, believes

# West Bank headway fat's expectations, it seems Israel will not accept Washington's plans, not yet formally presented but well

# ow turnout a blow to Abacha

General Sani Abacha's campaign to be elected as civilian president of Nigeria later this year was dealt a blow at the weekend as the electorate largely heeded an opposition call to snub

national assembly elections Michela Wrong reports. The low turnout was being interpreted by the opposition as a "no-confidence" vote in boycott was an absolute success," said Mr Olisa Arrbakoba, leader of the United Action for Democracy group. His movement called for national protests against Gen Abacha on May 1.

The boycott was called at the last of five registered political parties last week nominated Gen Abacha as sole candidate in presidentia elections due on August 1.

General Abacha has not declared his intentions, but few doubt he is determined to remain in power while shedding his uniform.

Electoral commission officials said voting yesterday could have been the lowest in any poli since independence.

Above: Officials wait for

BERNE UNION EXPORT CREDIT AGENCIES URGED TO HELP RECOVERY SE Asia seen as good place to do business Founded in 1934, the union are dependent upon local is a forum through which currency revenue.

crisis in the region, according to the Berne Union, a body representing long-term

Although economic conditions in Asia will continue to be difficult for at least the next 12 months, export credit agencies should not than short-term trade withdraw but should invest to assist the recovery of ingly handled by private Asian economies, the union concluded at its biannual general meeting in London.

The fundamentals of these countries remain good," said François David, chairman. "They were, in a sense, victims of their own economic success, but once the structural reforms they are undertaking have been absorbed, they will come

continuing support would depend upon governments in However, a number of troubled Asian countries implementing economic reforms, including programmes negotiated with tions of Asian currencies. the International Monetary Fund and the World Bank.

South-east Asian countries export credit agencies share credit insurance.

corporations, but some are private companies and export-import banks. The union is concerned with long-term investment and sovereign risk cover, rather finance, which is increascompanies without government support.

Mr. David, who is also chairman of Coface, the French trade credit insurer. said the meeting had focused on the situation in Asia. It was attended by representatives of the IMF, the World Bank and the Asian Development Bank.

He said that member agencies had experienced few However, he stressed that defaults to date on their exposure to Asian countries. energy projects would need to have their debts rescheduled because of the devalua-Such projects were financed

Premiums on sovereign remain attractive places for information and expertise on risk insurance had risen exporters and investors, in the political and commercial since the crisis, but these spite of the recent financial risks involved in export had been too low before-

The union singled out most heavily affected by the a total exposure of around \$45bn to these countries. This figure is expected to

are planning to introduce special short-term trade facilities to assist manufacturers to obtain access to imported raw materials. Indonesia has experienced difficulties in obtaining short term finance from credit insurers. Earlier this year, NCM, the Anglo-Dutch insurer, suspended

Mr David said the situation in Indonesia was especially difficult. "There is a very strong credit crunch, which has meant there is no liquidity to buy imports."

He said the country had an urgent requirement for needed to import around 4m tonnes of rice this year to feed its people.



Supplier of the year 1997 in the field of transport and logistics.
The Italian company proudly finds its dedication to quality and service rewarded, for two consecutive years, with the prestigious QSP AWARD for excellence.



THE ROLLS ESTATE, LONDON, ENGLAND LEASE FOR SALE OR TO LET



The Rolls Estate represents an opportunity to regenerate a Grade II \* Listed building of outstanding quality and tradition in the heart of Central London and, subject to planning permission, to apply a use which reflects its architectural and historical importance.

Gross Internal Area approx. 14,567 sq. m. (156,804 sq.ft.)

Net Internal Area approx. 8,295 sq. m. (89,290 sq.ft.)

0171-256 6411

seem of the tip picture THE PERSON NAMED IN COLUMN in there is the THE PERSON NAMED IN A the The which he day Ministration . White the promite system we Company of the Parket In the Board Board of the 

THE PROPERTY MAKES AS

Sies Sentiferent (1) THE PERSON NAMED OF THE PERSON

College to the second of the

The Annual of the Party of the

out of the stock market and

putting it into bank accounts: liquidity levels at

banks are at all time highs."

says Tom Monaco, banking

analyst at Bear Stearns Asia.

sought to pinpoint areas of

growth but some of these

have also missed the mark.

The new airport had been

cited as a growth employer

in the services industry, but

Cathay Pacific, the de facto

flag carrier, has dismissed

should be helping businesse

James Tien, chairman of the

General Chamber of Com-

merce which is calling for a

cut in interest rates. "High

burden on business in this

difficult economic climate."

issue could deepen the eco-

nomic slowdown in the terri-

tory, particularly as jobs at

the top end of the market

disappear. Mr Tao, noting

that only 22 per cent of sal-

their own homes, said many were already "stretched to

the maximum" meeting

As a result, redundancy

could mean defaulting on

mortgages. This would in

turn lead to an increase in

non-performing loans in

banks' lending portfolios.

which are heavily skewed

towards the property sector.

financial services dominated

economy, and this is proba-

bly where it's going to be

foreign investments at the level

Just to promote investment

processes in Russia the State

(Gosincor) has been working for

more than five years. The object

of Gosincor is to help investors

to pass the whole tortuous way

from establishing contacts with

partners to getting profit from

The Corporation was estab

lished on February 2. 1993

under the Decree of President

state unitary enterprise with

the authorized capital exceed-

ing 1 milliard US Dollars. For

the past five years Gosincor

managed to develop a compre-

hensive mechanism of advanc-

ing investments to the Russian

economy. In 1996 Gosincor -

Investment Association was

officially established on the

basis of Gosincor. The

Association Includes commer-

cial banks, insurance compa-

nies, investment institutions.

consulting firms, sales and

building organizations - more

At present Gosincor

Holding is one of the largest

financial and investment insti-

tutes in Russia. And it is a

unique one. There is no such

other institute in Russia. On the

one hand, the principal subject.

forming a system of Gosincor -

Holding is the state corporation

- a structure conducting the

state policy, the structure that

the state confides in and con-

stantly renders support to. On

the other hand, the holding

companies carry on their many

- sided activities on their own

For the period of five years

Gosincor together with its hold-

ing partners has attracted for-

eign and domestic investments

in the national economy of

Russia for the amount of over

and abide by the laws of market

than 30 companies in all.

Holding Financial

Corporation

ADVERTISEMENT

2000 Russia plans to attract on the end of December, 1997).

hit," says Mr Monaco.

"Hong Kong is primarily a

mortgage payments.

Inability to address the

"To tackle the existing

880 staff this year.

The government has

For one of the most densely populated areas of the world, large areas of Hong Kong are looking rather empty: shops, apartments and offices.

Jobs are disappearing and. with them, spending power. The unemployment rate for the three months to March rose to 3.5 per cent high, just below the 1995 peak of 3.6 per cent, and economists predict the figure could rise to as high as 5 per cent.

Cuts are being made across the job spectrum. Last week British American Tobacco China dismissed 156 factory workers - shifting production to cheaper environs in Singapore and Malaysia - while some 70 Daiwa Securities (Hong Kong) workers became the latest casualties in the financial services sector.

The damage to the economy stands to be greater than the number suggests, as the one-time "untouchables" - lawyers, investment bankers and top-level management - loses their jobs along with factory and con-

struction site workers. Professional unemployment this time is much greater than any period in Hong Kong's modern history," said Dong Tao, senior economist at Credit Suisse First Boston. "This brings a ary earners can afford to buy big problem because the implications go beyond retail to the property and banking

Alarm bells are ringing across the community. Business groups are calling for a cut in interest rates; union leaders are agitating for dole payments, an alien concept

in low-tax Hong Kong.
The government, which since its colonial days has prided itself on being noninterventionist, is unlikely to do either. Instead, it is pursuing a package of mea-

nonths of 1998 supports our

optimistic forecast: the present

ear must and will be the year

of normal economic develop

ment of Russia. Though small. the progress that was made

according to the results of

reates sufficient prerequisites

1997, nevertheless, objectively

for consolidation and develop-

he national economy.

ment of positive tendencies in

in the coinion of the Russian

eaders, everything that leads

to rise in the national produc-

tion has the absolute priority

now. It is impossible to achieve

the object without a high

investment activity. For the pre-

sent we can only establish the

fact that the rate of reduction of

investments has sufficiently

slowed down. Last year the

Government managed to

reduce investment recession

that in 1996. The tendency to

use investments reasonably, to

allocate them for the produc-

tion and branches the products

of which are in real demand, is

gratifying, in the current year

we expect increase in the total

volume of investments for the

first time within the whole peri-

Attractiveness of Russia is

growing as far as foreign

investors are concerned.

Capitals has gone to our coun-

try - someone will hardly deny

the fact today. In 1997 foreign

investments in the Russian

economy came to 10,5 milliard

US Dollars, which exceeded the

corresponding index of the pre-

vious year by 61 per cent Let

us note that Great Britain.

according to the data of the

State Committee for Statistics

of the Russian Federation.

proved to be in the number of

the leaders of countries -

investors. Having Invested 2,3

milliard US Dollars In Russia

during a year, Great Britain is

second only to the USA and has

Switzerland and Germany.

However it is necessary to

acknowledge that for the pre-

sent amounts of investments

from abroad are far from being

adequate to needs and capaci-

ty of the Russian market. Today

Russia gets only 2 per cent of

the aggregate portfolio of world

Nevertheless, we are con-

vinced that Russia's policy of

openness of the economy in

combination with its really inex-

haustible natural resources,

powerful scientific and techni-

cal potential, well trained and

relatively inexpensive (abor-

'orce make our country one of

e most attractive objects of

behind

od of economic reforms.

Beijing denies dumping

China at the weekend denied and encouraging entrepreneurs to establish busidumping charges over its recent sale of 218,000 tonnes of cotton on the world mar-"That's not going to happen. People aren't willing to ket and said it planned to invest money at this point. export more as domestic People are pulling money stockpiles mounted.

"It was a purely commer cial action to relieve the cotton glut in the country and it was done by legitimate commercial means." said Wei Shuben, general manager of the Chinatex Cotton Import and Export Corp.

The sale affected world cotton futures prices and prompted some US cotton growers' groups to ask Washington to act against Beijing for dumping. China has been the world's higgest cotton importer for several years, taking about 800,000 tonnes a year. This year it is

unemployment issue effectively, the primary focus set to become a net exporter. There are structural reareduce operating costs," said sons for the increasing exports. As grain prices fall due to several bumper harvests, farmers have planted more cotton to take advaninterest rates put an extra tage of generously subsidised state procurement prices. Output this year is not expected to fall below

> last year's 4.3m tonnes. But domestic demand is falling as the country's wider economic growth slows and the local textile industry slips into a sustained decline, partly because of competitive pressures from south-east Asia after sharp devaluations in the region's correncies.

plan to sell 300,000 tonnes of cotton, of which the 218,000 tonnes represents the first shipment. Stockpiles amount to about 3.3m tonnes, or about 40 per cent of world stocks. But as the free market price of cotton in China declines, farmers are likely to sell more at the higher state procurement price

This sum exceeds more than 7

state. It would not be an exag-

geration to say that our

Corporation has gone through.

international recognition about

which one could only dream

**Economy** 

of Russia:

to growth

two - three years before. Credit

lines for Russia have been

opened or are in the process of

opening in banks and large

companies of a number of

European countries and the

USA against the guaranties of

Export - Import Bank, Spanish

bank Banco Bilbao Vizkaya,

bank Singer & Friedlander.

such companies as Motorola.

Hewlett Packard could be men-

tioned here. Negotiations on

the opening of credit lines are

in progress with export -

import banks of Italy, Great

Britain, Germany, Japan, South

lishment of the company for

managing the share invest-

ment funds has been reached

with Flemings Company of

Great Britain. The very fact, that

Flemings that manages the

capital in the amount of over

100 milliard US Dollars chose

Gosincor as a partner, is signifi-

cant both for our Corporation

of Japan initiated the discus-

sion of the ways of interaction

in realization of large - scale

program of economic projects

with Gosincor. In the course of

negotiations held in the begin-

ning of March we discussed

long - term schemes of joint

financing under the projects in

such branches of Industry as oil

- and - gaz, gold - mining

chemical, coal - mining, food -

processing as well as in the

field of telecommunications

and real estate. Mitsul is ready

to allocate minimum 50 million

US Dollars annually for these

purposes for three years

Recently, Mitsui Corporation

and Russia as a whole.

The agreement on the estab-

Corporation. Czechian

from recession

postponed

till

Nevertheless, placement of

three - year bonds in westen

markets was more than suc

cessful. The number of applica

tions for their purchase excee

ed the offer by far, and this

shows that operators of interna

tional share market have grea

Interest in securities of Russia's

Financial crisis that burst ou

in Asia and echoed to that o

affected, of course, Russia as

well. We found ourselves as

though thrown back to the posi-

tions that our economy occu

pied one year ago. But let's not

forget that the crisis beside all

steadiness of our financial ma

ket, stability of investment cll

mate. We are sure that the

wave of new upsurge in the

share market is not far off. And

this wave will be more steen

than in 1997. Many reliable

financial institutions watch

closely the tendencies in

Russian economy and are jus

about to take decisions on

large - scale investment

Investors are interested in max

imum profit, and the markets of

Eastern Europe, including

Russia, are the ones that give

them the opportunity to receive

tt. In 1996 Russian market was

recognized as the most highly

profitable in the world, it devel-

oped the same way during

almost the whole last year. We

have enough reason to believe

that this will go on in 1998 too.

So, welcome to Russia, dear

Chairman of the State

Yuri Petrov

Investment Corporation

other degree the planet over

major telephone company.

March

In 1997 Gosincor won the

ceived by Gosincor from the

STATE ENTERPRISES TOP-LEVEL INITIATIVE PLANNED TO PENETRATE SECRETS OF 512 POWERFUL ORGANISATIONS

# hina orders probe of companies

China this week begins training high-level inspectors for a unique assignment - to fan out into the hinterland and find out what is really going on in China's biggest and often most opaque state enterprises.

The initiative, which has the personal backing of Zhu Rongji, the premier, is designed to collect information to help the government decide how to restructure the country's 512 biggest companies. The reform of these large companies, many of which have more than ministerial rank themselves, prises was often distorted by 30,000 staff, is probably the

ment of Mr Zhu's industrial

State companies in China tend to put a positive gloss on their operations and, in some cases, cover up corrupt or irregular practices. Regular auditors often have little success in penetrating the secrecy imposed by immensely powerful factory bosses, many of whom hold ranks equivalent to those of ministers in China's govern-

ment hierarchy. The unique feature of Mr Zhu's latest initiative is that the inspectors will all hold ministers and vice-ministers involved in the scheme were made available for their new

Mr Chen, who is to teach the first batch of about 20 ministers accountancy and other skills, said the first course would take about two months. More inspectors will be trained later.

them without official

Mr Chen said the statistical profile of large enterseveral factors. Sometimes

Qinghua University. The recorded as sales, even of his enterprise, which though the group derived no employs 35,000 people. revenue from such activities, he added.

China's top 512 companies Zhu's reform programme to become the country's industrial mainstay.

There is much debate behind closed doors about which of them should be merged. split up, listed on the stockmarket or dealt 20 years as it has been," said with in other ways. Chen Gang, the general

manager of one of the 512, that his factory might yet be the Northeast Pharmaceutical Group, said this month

most important single ele- dean at the School of Eco- shipments of goods from one he was awaiting instructions nomics and Management at subsidiary to another were from Mr Zhu about the fate

He said he did not agree with the conventional wisdom that Asia's financial crimergers last month left have been earmarked in Mr sis had discredited the South Korean chaebol model of development, similar to Chi-

> "If Korea had not had this type of chactol, their development would not be nearly as successful over the past Mr Chen.

There was a possibility merged to make it even big-

# Indonesian police 'kidnap activists'

gainst the rule of President Suharto of Indonesia escalated over the weekend. sparking clashes with riot police and new allegations that the military have taken

Doctors said 10 students were wounded by police during protests on Saturday on activists, come as the stuthe island of Lombok, a pop-

ular tourist destination. Protesting students in North Sumatra, on Saturday accused security officials in plain clothes of kidnapping five activists following similar clashes on Friday. The growing number of confrontations between police and ous kidnappings of student

port among Moslem leaders. academics, newspapers and even active officials. Ministers, military leaders and the vice-president have met student delegates to hear their demands for economic reform, stabilisation

> of food prices, a battle against corruption and increasingly, the resignation of Mr Suharto.

While most other opposition groups have been

detained, suppressed or co-follow a series of disappearopted as soon as they got organised, students had been left free in recent months to demonstrate on campus. Mr tration with the continuing protests and diplomats say they fear a crackdown by the military if students continue their efforts to move off campus into the streets and get other groups to join in.

ances of student leaders and other activists, some of whom have since then returned home or been found in jail. Diplomats back allegations by students and groups in the military or the police are behind the abductions, even as some in the army appear to support the protest calls for limited polit-

# Estrada widens lead in Philippine election

dents obtain growing sup-

China has announced a Philippine vice-president, has increased his lead in the race for the presidency, according to the latest poll. Mr Estrada, a former film star who is running on a propoor platform, has a 30 per cent rating, well ahead of Jose de Venecia, speaker of the House of Representatives and the administration's candidate, who has slipped to third place. Mr de Venecia

roband issue for Mascow Cit

Telephone Network Joint Stack Company for the amount of 150

million US Dollars. As a result of

the world financial crisis the

issue that was planned already

at the end of last year had to be

is slightly behind Alfredo Lim, the mayor of Manila, and Lito Osmena, former governor of Cebu province, both on 13 per cent. The poll is a setback for

Mr de Venecia, who was expected to gain ground because of the logistical support he enjoys as the administration's candidate "I'm slightly surprised by the margins," said Alex Magno, politics professor at the University of the Philip-

pines. "We had expected the administration machine to start delivering but it apparently isn't. It is going to be very difficult for de Venecia without some consolidation of the other candidates and of the Church."

erful political role, recently warned voters in a pastoral letter not to elect a president on the basis of popularity alone. This was a reference to Mr Estrada, whose social life has earned him a flam-

bovant image. "The most probable winner may be the most probably disastrous for the country," said Cardinal Jaime Sin, archbishop of Manila, yesterday. "The voter does not win by pushing the victory of a candidate who will best advance one's selfish interests for selfish interests may lead to the detriment of millions of others." Cardinal Sin also said recently be bewithout the outright backing lieved Mr de Venecia was



# Oilmen fear Bangladesh politics may

a flercely contested licensing round

nies, including some of the world's biggest, are hoping that a week of diplomatic activity will unblock one of the most fiercely contested exploration licensing rounds in

The companies believe Bangladesh, one of the world's poorest countries, may have some of the region's biggest reserves of

natural gas. A conservative consensus among diplomats and western experts suggests Bangladesh may be sitting on reserves of between 30,000bn and 50,000bn cu ft - up to twice the amount in the UK sector of the North Sea although some estimates go

But there are fears among foreign investments.

"The process has created such an environment of suspicion among the bidders, as well as the people here, that many think we may be blowing it, just like Nigeria did," says Enayatullah Khan, editor of Holiday, a leading weekly newspaper.

Concern has arisen because of delays in awardassumed responsibility for The issue has been further

some companies may have curried political favour and could be set to win two of the most promising blocks of the 15 on offer.

clouded by allegations that

representations to the prime minister. Bill Richardson, drawn on possible winners. Mr Chowdhury said the Dhaka government was keen

United Nations, and Derek Fatchett, minister of state in to attract as many international oil companies as possithe British Foreign Office, ble: "The more the merrier." appealed for greater trans-But some companies and parency in the process during separate visits to Banglaforeign diplomats fear this could lead to Bangladesh's Bangladeshi officials creaking bureaucracy being admit they have been overoverwhelmed by the task of

whelmed by the degree of international interest in the licensing round. "There really is an overload on the system," said one western

negotiating a large number of complex production sharing contracts. There are also worries about whether Bangladesh will be able to manage the oilman. The problem is that

International interest has been especially aroused by Bangladesh's proximity to India, one of the world's fastest growing energy markets

they are already deluged and stretched by existing gas operations. But there is now a frenzy of perception" that the country harbours many world class gas fields.

Tawfiq-e-Elahi Chowdhury, the senior energy ministry official overseeing the round, last week admitted that the government was not prepared for such a big industry response. But he defended the selection process, promising that the final decisions will be fully and publicly justified.

He also defended the government's silence in the face of press allegations that Tullow, a small Irish oil explorer, had leapfrogged some of the world's biggest and most powerful oil companies, including Royal Dutch/Shell and its partner Cairn Energy of the UK. whose gas find in the Bay of Bengal in 1995 led to the industry's re-evaluation of

We couldn't contest these Over the past week both accusations," said Mr Chow- pliers in the Gulf or Central

leading gas producing coun-

complexities of creating a modern gas industry should the companies succeed in discovering large reserves. That there may be such

reserves are suggested by the participation in the bidding of leading international companies as Shell, Chevron, Mobil, Texaco, Unocal and Total. International interest has been especially aroused by Bangladesh's proximity to India, one of the world's fastest growing energy markets, where demand is far outpacing domestic supplies.

Most oil companies are expected to push the government to approve early export schemes should their exploration efforts prove successful. Experts believe gas reserves from the first two foreign projects now under way will be sufficient to cover domestic needs for some years to come.

The foreign companies Bangladesh's potential as a also believe gas from Bangladesh would have a competitive advantage in the Indian market over alternative supthe US and the UK govern- dhury. "By contradicting Asia, which face political

piping large quantities of eas

But such proposals have Although he would not be already run up against Bangladesh's divisive politics. Under pressure from the opposition Bangladesh Nationalist party the governing Awami League, which has been forced to make it clear that an export pipeline would only be considered after Bangladesh's own domestic fuel needs have been met. The country is suffering from acute electricity a current shortage of gas.

However, the manner in which Bangladesh's gas resources are developed looks certain to provoke considerable political dispute, although privately members of both parties suggest the debate will probably centre more on the method and amount of gas that may be eventually exported to India.

Bangladesh's fragile economy may also force the politicians' hands. With chronically weak foreign reserves. it is almost entirely reliant on garment exports and foreign aid for hard currency. Gas exports may be the way to kick-start one of the world's poorest economies. Western estimates suggest the government could earn \$500m or so a year from a single pipeline carrying between 1hn and 2hn cu m of

gas a year to eastern India. Some oilmen say such exports may even be possible based on existing discoveries and prospects, such as the Shell and Halliburton, the US oil services company, hope soon to have onstream. The companies believe there may be scope for sizeable additions to the field's present reserves of around 1,000ba cu ft.

But such optimism is tempered by the concerns about the present bid round, "If they cock up the bid round, if it's totally untransparent, then it will be seriously damaging to this country." said one western executive in

# unable to win without chest-

# cloud development of natural gas riches

Robert Corzine and Mark Nicholson on them we would be saying and technical problems in something about the process. We couldn't say yes or to india. ore than 20 oil compa-ments have made personal

recent years.

as high as 80,000bn cu ft.

oil companies and foreign governments that the round may have become politicised and that the complexity of the exercise may overstretch a notoriously inefficient bureaucracy, with little experience of overseeing big

ing the licences, due to have been announced last December. The government is now hinting that Sheikh Hasina, leader of the two-year-old Awami League government and who has personally the process, may pick the winners by the end of the



- 14 小型を対象を 70. 金属 经基金 \*\* \* \*\* The Appendix 10.7 . mage . 1 -=:#r &## Dagley's Tag ाभनी लिए TATE OF B awaysin**y** 

yr e 9 💥 🐞

r - af - 😘

フィーマー 赤色 🙀

1

ு பிருந்து ர

er tur ga<del>rris</del>

17. July 18.

🚅 د و 🗱 شودو

tust Men 🖠

The Property of the

North 📹

- NO. 18 18

C C WHITE

e, inggat cath

· 中国特别

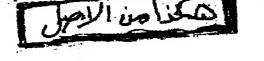
in washinged S. Markette 1100 4 644 200 The Party 16 44 A 14 W 100 70 ". ST. "Ebt The PARTY 47173

The section industrial . M. SHARRY 10万年 清神 Carrier will Since were Tings 4844 Company Co. 1.2. 2. Trave . Torre By

1 . 14, · 12. .... . 4211 :: The state of A: 1 Transfer 114 The French inches p. 1

100 in a dige to 4 4 4 THE STATE \*\* \$ 19.41 Figures. ideraiegt.

100 ------ RAMA



H HARA MINNEYS AND

Contract 1 from the late of

March 19, 1960 to the Anna State 1988 to 1981 to 1981 to

· · · · · · - Dentr anglacient : of the wanted a

SANGE EN STORMAN OF ST

And State Andreas to provide

er i Propinski de tr

No.

1. 10 Jun - 1-1

er, war er

mark of

المستعدان

----

.....

and the state of the same of Comments of service and the property Berlin Hall and the com of taging tiller where purples out their warre Mary Town Control The state of the s The second water 1975 MATER TO SENTE 12 " MARKET SALANIE F. M. 176.

The state of the s ALL THE PARTY SAME in our different to and the state of the same of IR HAM THE THE COURSE Specific Land Control of the Control

PROPERTY AND AND ADDRESS. Print trees the light the · 1-14-14-31 下海 · · Miles and the second for STATE OF THE STATE Total of security A SOUTH PAGES

of the line walk of Tex. In

early have better to

heart to give to you have to That grand jury was formed one in the Senate. 

# companies Brazil sets pace for telecom sale

Brazil's communications ministry has announced an ambitious timetable for the privatisation of the country's telephone network, in an of 43. effort to reassure investors the sale will not be delayed by the death last week of Sérgio Motta, communications minister.

It said it would publish tender rules on May 29 and accept bids on July 15. A restructuring of the state network - known as the Telebrás System - in preparation for the sale would be agreed next Monday.

"This is very short notice, indeed," said Auro Rosenbaum, an analyst at Deutsche Morgan Grenfell in São Paulo, "They are almost certain to relax the schedule later, but they have given the political signal they

wanted to give." Mr Motta died of a lung condition on April 19. He was regarded as the driving force behind telecoms privatisation, expected to raise at least \$30bn. Responsibility for the sale was passed to Luiz Carlos Mendonça de Barros, head of the National Development Bank.

Mr Motta's death was the

dent, Fernando Henrique Cardoso, of his two main political operators. Luiz Eduardo Magalhaes, govern-ment leader in the lower house of Congress, died suddenly on Tuesday at the age

Speaking at the announcement of the privatisation timetable, Mr Mendonça de Barros said it was still "very difficult to say how much the system is worth".

A number of issues that will affect the sale price have yet to be resolved. Potential bidders have questioned the ministry's proposals for aggressive performance targets to be met by future operators.

It is also unclear whether there will be a limit on the participation of foreign operators in hidding consor-Foreign companies were

limited to 49 per cent of consortia in the recent sale of B-band cellular concessions, to compete with A-band services offered by the state sector

"This is a much more complicated process than the B-band sale." Mr Rosenbaum said, "and they are trying to push it through much more quickly. They might take bids for Embratel [the long first of two last week that distance operator) on July 15 robbed the Brazilian presi- and sell the rest later."

WHITEWATER GRAND JURY TIME IS EXPIRING

# Starr speeds pace of his investigations

With less than two weeks to ton, the US president, and Mrs Hillary Clinton, the pace of inquiries by Kenneth Starr, the independent prosecutor leading the investigation, is accelerating.

Mr Starr questioned Mrs Clinton on videotape for five as it prepares to fight this hours on Saturday about her autumn's mid-term work as a private lawyer for the failed savings and loan at the centre of the

Whitewater investigation. The session at the White



Hillary Clinton: pictured after

House, beld in place of a formal grand jury appearance by Mrs Clinton, was the sixth occasion since 1994 that the first lady had been questioned by

independent The indict Mrs Clinton on charges that she obstructed justice by covering up records relating to her legal work as a partner at the Rose law firm in Little Rock, Arkansas, while her husband was governor of the state in the late 1980s. Mr Clinton himself is also under investigation by the grand jury that he took part in a fraud over the property

development. But the grand jury investigating the allegations of wrongdoing by Mr and Mrs Clinton over Whitewater expires on May 7 on the issue within the next and Mr Starr must decide soon whether to ask a panel of judges to approve a new jury or whether to abandon the Arkansas end of his

The proceedings are separate from a Washington anxious to restore some grand jury's deliberations semblance of unity before over allegations the campaigning begins for this president had a sexual affair November's congressional with a farmer White House elections in which the party official and then urged her is defending a slim majority to lie about it under oath in the House and a larger

longer to run. Mr Starr's many-faceted go before the expiration of a investigations continue to grand jury investigating highlight deep divisions alleged crimes by Bill Clin- within the Republican party that threaten the party's immediate and longer-term electoral prospects.

in January and has much

Over the next few weeks these divisions are likely to take centre stage, at a damaging time for the party congressional elections.

Many moderate Republicans in the Congress are uneasy about the possibility that Mr Starr may present them with evidence that either the president or the first lady committed crimes. Mr Clinton remains highly popular and some Republicans fear an electoral backlash if they try to press charges against the

Clintons. Senator Orrin Hatch, senior Republican, said yesterday he though it highly unlikely Mrs Clinton would be indicted.

Other Republicans by contrast are eagerly awaiting the outcome of Mr Starr's deliberations as a means of attacking the president. Last week, Dan Burton, chairman of the House of Representatives Governmental Affairs Committee, said Mr Clinton was a "scumbag". Though he was rebuked by many of his colleagues, his remarks highlight the political gulf at the centre of the Republican

In addition to the thorny question of how to deal with prosecutor has been Mr Starr's investigation, the considering whether to party faces splits over a number of critical legislative issues in the next few weeks. This week the House of Representatives' budget committee will present its plans for the fiscal budget

for the coming year.

They will differ sharply from the Senate's version, in demanding big cuts in public spending and tax reductions. At the same time Republicans are far apart on efforts to reform campaign finance laws. Last week a group of moderates embarrassed the party's leadership by forcing a vote few weeks. And there are also divisions over tobacco legislation and new financing for the

Fund. The party's leaders are

International Monetary

# Swiss banks embark on tough US talks

The big three Swiss banks are to start discussing today how much money they will have to pay to settle the multibillion dollar class actions from Holocaust survivors, and so begin the resolution of a public relations nightmare which is threstening seriously to damage their important US business. Stuart Eizenstat, the US

undersecretary of state, will chair a meeting at the US State Department of lawyers for the three banks - UBS. Swiss Bank Corporation and Credit Suisse - plus lawyers representing the class actions plaintiffs and repre-sentatives of the World Jewish Congress. However, it is unlikely

today's negotiations will reach a quick result since the various parties involved have widely differing expectations of what is meant by the Swiss banks' agreement last month to negotiate a global financial settlement of Holocaust-era issues.

and will not accept any widening of the negotiations to take in other Swiss companies or government entities. By contrast, the class

actions lawyers are keen to If the banks do

not move quickly

towards

settlement, they face boycotts from New York and California

National Bank, which handled the majority of Nazi Germany's wartime gold exports.

Meanwhile, the WJC is pressing for items such as insurance policies, confiscated real estate and com-The banks insist that they pensation for slave labour, will only discuss questions to be added to the agenda of

HOLOCAUST SETTLEMENT DIFFERING EXPECTATIONS LIKELY TO SLOW PROGRESS AT STATE DEPARTMENT MEETING OF BANKS' LAWYERS

The banks have accepted the idea of contributing to a "rough justice fund" which would be placed under the supervision of a US court. Their payment into this fund would be in addition to the unclaimed dormant accounts which are being discovered by ex-US Federal Reserve hairman Paul Volcker's international committee of eminent persons (Icep). However, they reject demands for "exorbitant and unjustified sums" and are only interested in pursuing a resolu-tion that provides them for ever with complete release from all potential exposure from all possible sources. The banks are also insist-

ing that the results of the Volcker investigation remain the cornerstone of any solution and that all parties involved, including the class action plaintiffs, be bound by Mr Volcker's findings. But this is unlikely to satisfy the banks' opponents, who argue that the Volcker committee does not have wide enough powers to investigate adequately the California and New York, business, while the merger cies of Holocaust victims.



Eizenstat: will need all his negotiating skills if his own reputation is to be enhanced AΡ

dling of "looted Nazi gold". The banks are not in a strong negotiating position. If they do not make speedy progress on settling the claims, US states, such as

question of the banks' han- are threatening to boycott their US activities. Credit Suisse First Boston, one of the biggest US investment banks, is particularly vulnerable to any disruption of its powerful Wall Street

of UBS and Swiss Bank Corporation could well be delayed because of oppositions from the New York state banking department. If the Swiss banks are to

draw a line under their wartime past, they will need the support of the Swiss government, which is worried that the banks will set a financial precedent which will be used to extort money from other Swiss companies. This poses an added constraint on their bargaining position.

One side effect of this issue is that Switzerland's reputation for settling problems by consensus is crumbling as the banks rush to rid themselves of a problem without considering the consequences for the rest of Switzerland.

Meanwhile, Mr Eizenstat will need all his negotiating skills if his own reputation

is to be enhanced. He needs to reassert his authority on a foreign policy issue which was in danger of being hijacked by the state officials in New York and California. It is their threatened boycotts that have forced the banks to the negotiating table and there are signs that California and New York are starting to adopt the same strategy towards European insurance companies which have failed to pay out on insurance poli-



A positive message for international finance.

SG is the new name for Société Générale Group's international businesses:

- Commercial and investment banking
- Asset management
- Private banking

The SG mark is more than just a symbol: it stands for a commitment to apply our expertise to achieve our clients' objectives, not just today but for the long term.

Our recent acquisitions; Hambros Banking Group, Cowen & Co, Barr Devlin, and Yamaichi Asset Management strengthen still further our presence worldwide.

The Société Générale Group is the eighth largest European bank and sixteenth worldwide in terms of assets, and is in 80 countries with 55,000 people worldwide. It is also a leading retail bank in France.



GROUP

Société Générale is regulated by the SFA for the

# World Cup boosts demand for widescreen TVs undermine

Britain's TV set industry, controlled mainly by Japathe biggest in Europe, is nese companies, is taking on gearing up for a big rise in extra workers to cope with demand for new generations the rush and investing in an of "widescreen" sets as viewers buy in time for soccer's

increase the quality of pic- per cent on last year.

the rush and investing in an expansion of its widescreen operations.

The British Radio and Demand is also being fed Electronic Manufacturers' by the advent of digital ter- Association believes 175,000 restrial TV in the UK later widescreen sets will be sold this year, which will in the UK this year, up 140

That would mean Britain Widescreen TVs - which which employ 12,000 people cope with the rise in its widescree

The industry is pointing to widescreen sales in the UK output. last year, to 73,000 from

Britain than in other parts of £3,000 (\$5,010), as opposed to come from UK factories. ... that since Christmas it had set factory in Hirwaun, Europe. £300-£400 for a standard TV, Toshiba's factory in Plym-seen "a dramatic increase", south Wales, is trying to they add up to 5 per cent of outh, on the south coast of in the sales of widescreen.

the near four-fold increase in the value of the UK's TV England, is Britain's fourth sets. biggest TV plant. It has Britain's TV set factories, 300 by the end of the year to

Sony, whose south Wales

That would mean Britain accounted for about 12 per are said to give better views and make some 6m sets a demand.

The industry, which is cent of the expected sales of controlled mainly by Japanese companies, is taking on extra workers to cope with the rise in western to only about 2 per cent of the expected sales of widescreen sets in western to only about 2 per cent of the fully about 2 per cent of the fully about 2 per cent of the European Union consumer goods company sets this year to be in the videscreen to total. An estimated 60 per cent of the widescreen TVs which runs Britain's second than three times last years can of the widescreen TVs higgest TV factors in the VEA papenese companies to the widescreen TVs which runs are said to give better views and make some 6m sets a demand.

Matsushita, the Japanese its UK sales of widescreen to consumer goods company sets this year to be the videscreen TVs which runs Britain's second than three times last years can of the widescreen TVs begins to the videscreen TVs and make some 6m sets a demand.

Matsushita, the Japanese its UK sales of widescreen to total. An estimated 60 per cent of the widescreen TVs begins to the videscreen TVs begins boost sales through offering

some its widescreen models. The extra demand is being taken on 200 temporary staff plants make about 1.5m TVs; should England or Scotland 18,000 in 1996, as evidence of transmitted in part to and is looking for a further of all types a year, last year come out top in the society

# over euro

currency strategy will be considerably undermined this week by an influential committee of MPs, only days before Tony Blair, prime minister, presides over the European Union summit to agree the euro's launch.

The Treasury committee will on Tuesday publish a report warning that judgment of Britain's entry into the single currency on economic criteria will take at least five years from the euro's 1999 launch, in spite of the government's timetable for joining early in the next parliament.

The cross-party report concludes that the five economic tests to assess Britain's Emu readiness set out last year by Gordon Brown, chancellor of the exchequer - can only be business cycle of between

five and eight years. "There's a committee view, strongly reflected in the report, that neither the success of the euro, nor the UK's suitability, can be established over the short

term," said one member. The report is likely to embarrass Mr Blair, who will reassert his support for Emu membership in principle, based on Britain's economic interest, in the run up to this weekend's summit in

John Redwood, industry spokesman in the opposition Conservative party, said Giles Radice, the pro-Emu committee chairman, was "at loggerheads" with his leadership.

Meanwhile, the prime minister's office reasserted Mr Blair's role in resolving the Franco-German dispute over the presidency of the European central bank.

With Britain holding the EU presidency, but not voting on the ECB chairman. negotiate a solution before



The private finance gained in the UK. initiative is poised to become an export industry for UK banks and legal advisers versed in the workings of the public-private investinson, a Treasury minister. will tell a London conference

His department is receivdiverse as Australia, Brazil, China and the United Arab Emirates. They are all inter- ferred to the private sector, ested in the process that has has not taken hold on contidelivered almost £9bn nental Europe but the (\$15bn) worth of projects, in arrival of a single currency capital terms, since its and budget constraints launch in 1992.

interested in using the PFI interest, Treasury officials for transport infrastructure, say. including high speed rail and freight links, roads and port developments, is consid-

Tim Wilson, head of the PFI prisons. prison service contracts group and shortly to take sponsored by the UK Treacharge of the policy team on sury.

on South African evaluation panel passing on experience

Tender documents and copies of contracts used in the UK have been shared

with South Africa. The PFI in the UK has ment scheme. Geoffrey Rob- attracted European and American business, but increasing interest in the idea abroad offers a big market for British companies ing almost weekly visits by skilled in delivering projects, government officials from according to Adrian Mon-Europe, and countries as tague, head of the Treasury

The PFL with risk transimposed by the Maastricht The Netherlands, which is criteria are heightening

According to Mr Wilson, the third and fourth waves of privately financed prisons ering setting up a task force are delivering additional modelled on the one which savings of 20 per cent on top runs the PFI within the of the 10 per cent saving on Treasury.

the cost of traditional pro-South Africa is evaluating curement that the National bids for four privately Audit Office has said was achieved by the first three

Today's conference is



# Irish investment agency plan rejected

Unionist party, the biggest party in Northern Ireland, has turned down an offer Development Board with rate in the republic. that of the republic's Industrial Development Agency.

island investment agency

peace talks in a meeting between senior aides of Bertie Ahern, prime minister of The pro-British Ulster the republic; and David Trimble, the UUP leader.

As part of the proposal, capital next month to unveil leader, said Ms Mowlam had the Irish wanted Northern an economic package to "either deliberately, or other underpin the settlement." exwise leaked details of the from the Irish, republic to Ireland to harmonise corpo-pool the investment effort of rate tax rates, bringing them the Belfast-based Industrial in line with the 10 per cent The UUP is understood to

have argued this would nents of the peace agree-The offer to create an all- undermine the province's ment of leaking details to Kelly, one of the party's eligibility for continued bud- Sinn Féin, the political wing talks was made during the recent getary support from the UK. of the Irish Republican said it had been preparing a

Gordon Brown, the UK Army, of a bugging opera-chancellor of the exchequer, tion of senior officials of the is likely to discuss such party.

Army, of a bugging opera-tion of senior officials of the president, will present to. is likely to discuss such party.

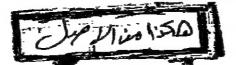
Issues when he visits BelPeter Robinson, the Demo-Mo Mowlam, chief North

UK government, was accused yesterday by oppo-

cratic Unionist party deputy surveillance to Sinn Pein ern Ireland minister in the during the multi-party talks. Sinn Féin confirmed a device had been found at the home of a relative of Gerry

Tony Blair when they meet today. But Sinn Pein said Ms Mowlam had nothing to do with the leak. It accused the DUP and "securocrats" in the police and army of attemptication sour the improved relations between Sinn Féin and the prime minister. A Northern Ireland official described the DUP





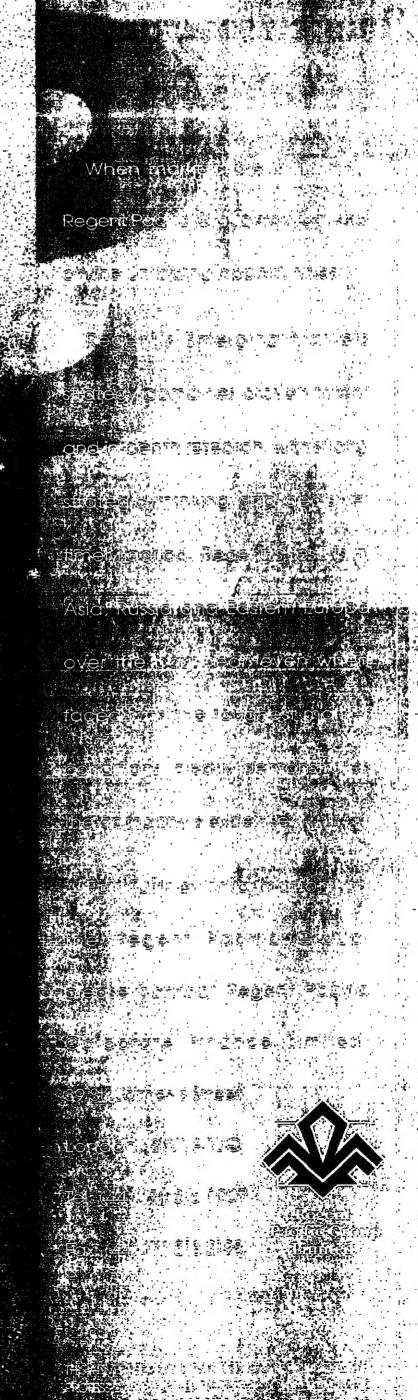
TVs MPs to 3 undermin

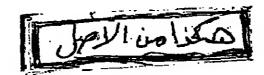
THE HATS MUSICION

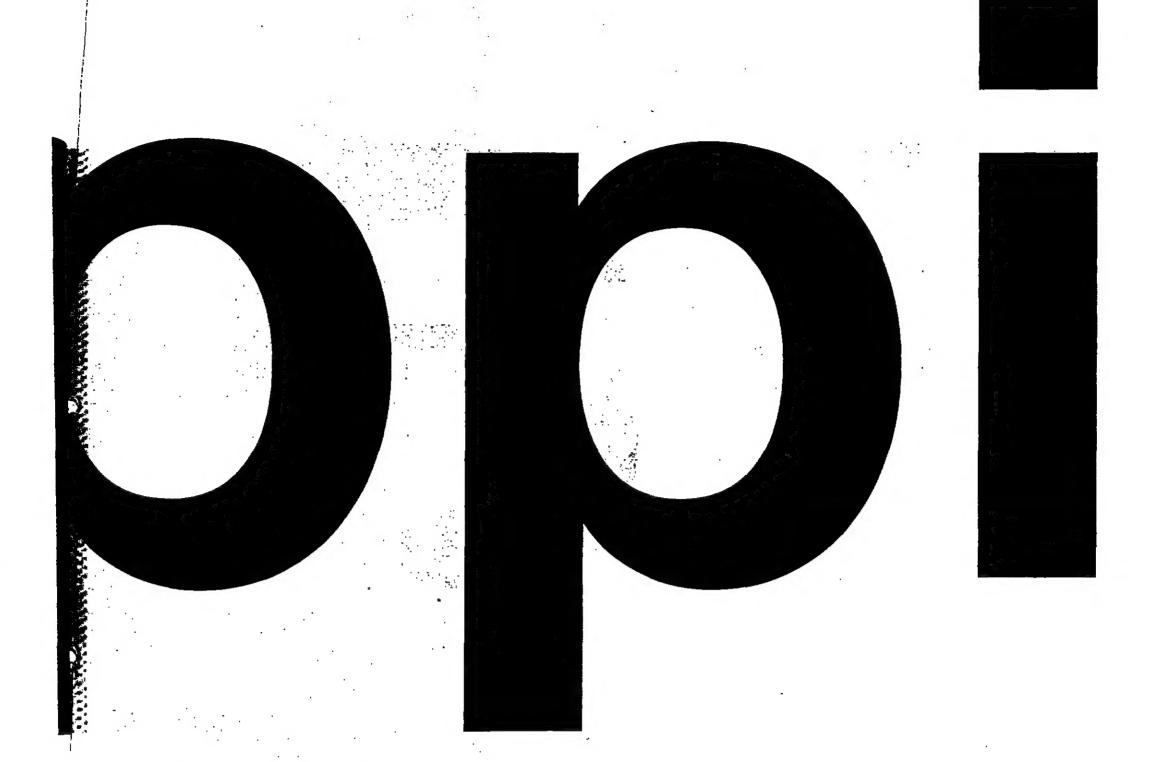
who have a second Or GL GM



COMPUWARE







# Hello from the world's first global coated fine paper company.

From today the leading coated paper producers in North America, Europe and Africa will operate as one global company.

S.D. Warren, KNP Leykam, Hannover Papier and Sappi are now one. Wherever you are, you'll be able to access the world's leading brands of coated paper\* from a single source.

sappi

The word for fine paper

#### **DIVIDEND & INTEREST PAYMENTS**

Abbey National Treasury 6%% Gtd Bd 2006 FFr675.0 Do 64% Gtd Nts 2000 \$67,50 Alba 1.4p Asda 9%% Bd 2002 196.25 Astia 9/W Bd 2002 1962 7.8p Braine (TF & JH) A N/Ng 7.8p Brash Telecom 6/4/w Nts 2002 587.50 Caty Merchants High Yld 1st i 75p Foreign & Colonal Inv 1st 0.88p Général Electric 50.30 Halitax Step-up Callable Sb FRN 2012 2192.64

Hibemian IR8.7p Italy Global FRN Jul 1999 DM45.82 Do FRN Jul 1999 \$14,37 Do FRN Jul 1999 Y2014,0 LEUTS Int Invs Gld FRN 1998 \$154.70

M4sui 2.85% Nos 1999 Y285000.0 Do A \$0.015 Nat West Bank 6% St. Br Bd 1988 Do GILL FRN 2005 \$300 17

ifers 9.9p Xush & Newcastle 94% Bd 2006 ntab FRN 1998 \$14.37 Sparad PHN 1:585 \$14.57 State Bank of New South Wales 10\*45 So Nts 1998 \$1037.50 Sumitomo Metal 5.3% Bd 2000 Y530000 0 Treasury 4%% IL 1998 52,703 YKK 41% No. 1998 Y450000 D

M TOMORROW AIM Tst 0 7p Anglo & O'seas Tst 0.6p Atlas Copco A SK/4.25 Bank of Nova Scotia CS0.20 Impend Bank of Commerci

tenham & Gloucester 11%% Pero

Co-operative Benk Sb FRN 2000 994.78 Dainippon ink 6%% Nts 1999 Y625000.0 Father Prest 8.5p Pleming Fledgeling Inv Tst 1p Friends wory & Sime 0.7p Henlys 11p Italy 10496 Bd 2014 £1050.0 Jupiter Int Green Inv Tst 2.45

Do Units 2.4p Korea Bec Power 81/2% Bd 2007 285.0 Korea Int Merchant Bank FRN Apr 1999 \$320.55 م 10.7 خصا Uoyds Bank Ser A Var Rate Sb Nts 1998 £188,17 Longmeed 0.25p Nihon Doro Kodan 71/4% Gtd Bd 2005

Pendragon 7 1p State Bank of New South Wales 1014% Nts 2000 A\$102.50 Toyobo FRN Apr 1998 Y25429.0 WEDNESDAY APRIL 29

BPP 11p
Coptin 1.4p
HSBC 30p
Herald Inv 1st 0.85p
Land Securities 91/9 Bd 2007 £95.0
Law Debenture 17.5p
Linder Life Agency of Alder P3.57 Liberty Life Assoc of Africo R2.57 NECA 0.25p Perpetual UK Smaller Co's Inv Tet 7p Sedgwick 4p Sengapore Para Rubber 2.2p TR Tech Stoppd Pf 3.878321p Do Units 15.513284p

M THURSDAY APRIL SO AGA AB Non-Res B Slot3 Alexon 5% Cm Pref 1,75p Allied Irish Banks Sub FRN \$154.89 American Ports Services 1,44p Bendt 7% Cm Pref 2,45p Bankers Inv Trust 8% Deb 2023 84 Do 1015% Deb 2016 25,25

levs 10% Cm Pref 5c Batteys 10% Cm Pref 5p Black (Laisure 10% Cm Pref 5p Brandon Hire 2-15p Burneh Cestrol 6% Cm 1st Pref 2-1p Do 8% Cm 2nd Pref 2-1p Do 8% Cm Prf 2-8p Do 7%% Cm Prf 2-8p Do 7%% Cm Prf 2-8p Do 7%% Cm Prf 2-8p Burns Philip Treasury 51/1% Gtd Cv Bds 2004 \$137,50

Calderburn 0.8p Card Clear 0.15p Central Hispano Eurocapital series B NV Pref \$15.22 City of London Inv 1014% Deb 2020 25.125 Cookson 7% Non-Cum Pref 1.225p Corp Andina de Fomento 7%% Notes 1988 \$322.50 Grean (J) 71/4% Red Cv 1999

Darby Group 1.4p Dartmoor Inv 3.1p Do 614% RPI-Linkd 2005 £4.277 Diageo 9.42% Cm Capital series A \$0.58875 SU.38875
Diagonal 1.9p
Dintria Heel 1p
Dixon Motors 5p
Dobbles Garden Centres 3p
Dow Chemical SU.87

Do Monthly 0.49p Dunedin Inc Growth 7%% Deb 2019 23.9375 Durnyat Inv Trust 6,2p Enterprise 2.8p Estates & Agency 9p Estates Property 10% 1st Mrtg Deb Do 10% Sec Ln 1983/98 £5 Evens of Leeds 11% Mtg Deb £5.50

Finsbury Underwriting Trust 2.5p Florning Inc & Growth Trust 3.4207p milington Dual Trust 1.9p ands Provident Ethical Trust 4.25p Do Units 4.25p Fuller, Smith & Turner 6%% Deb 2028 Gartmore Emerging Pacific Trust 0.2p Golden Hope Plants M\$0.05 Govett Secs & Invs Prig Rd Pref \$0.113

Do Sterling Cath Pref 14.96p Do UK High Inc 10.02p

**Exhibitions** 

24.384589 Greet Portiend Este 714% 1st Mtg Deb 2027 24.3301 Guidhail Prop 8% Cm Pref 2.1p Haynes Publing 5.8p Heavitree Browery 111/2% Cm Pref 5.75p Henderson High Inc 17p

Homeloans (no1) Class A Mrg BFR 2030 £117.16 nine FRN 2030 5206 20 Homeloens (no3) Class A1 FRN 5 27.55 Do Class A2 FRN 2028 2189.82 Do Class B FRN 2028 2185.84 Do Class C FRN 2028 2205.20

Inversel 3.880
Inversel 3.880
Inversel 3.880
Inversel 3.880
Inversel 3.875
Ireland 8144 Exch Bds 2003 tg4.125
Jarrayn Inv Props 3.50
LASMO Units 3.43280 Latham (J) 8% Pref 4p Liberty Inti A Cv Pref 12p Do B 6% Cv Pref 3p Do 5%% Sub Cv Bds 2009 2.75p Landon Marchant Secs 7%% Cv Ln Lookers 5.65p Lowe's \$0.055

Mercury Granemor Trust 4.85p NatiWest Vanable Rote Cep Notes 2000 \$1468.75 Peal 10% Cm Pref 2.5p Do 8%-% 1st Mtg Deb 2011 £4.8375 Peel South East 10% 1st Mtg Deb 2029 £5 2026 €5 2028 55 Do 114% 1st Mtg Deb 2018 25.8125 Do 124% 1st Mtg Deb 2015/20 56.25 Pennine AIM VCT 5.2p Portsimmon 6.8p Ports & Sunderland News 6% Cm Pref

3p Do 111/2% 2nd Cm Pref 5,75p Prolific Income 1.785p Provend 1,25p Royal Bk of Canada FRD 2005 \$47.82 Scottish low 4% Dah 62 Do 5% Deb \$2.50 Scottish & Newcastle 4.8% Cm Pref

Seagram Dieffs 12%% Deb 2012 SB.1875 Second St David's Inv 2p

Shires income 4.2p Smaller Co's inv 1.5p SR Pan-European 0.5p Thorntons 1.8p TMC PMBS Class No no2 July 2029 £190.53 TMC PRAISS no5 April 2029 £48.95 TMC PIMES no48 Oct 2029 @192.25 to-Comision CS0.32

Toronto-Dominion CS0 Total Office 3.4p Transamenca \$0.50 Ultra Electronics 4.8p Upton & Southern Cm Cv Pref 20 /aux 7% Cm Pnel 2.45t Do 49% A Cm Pref 1.575p Do 69% A Cm Pref 2.275p Viglen Tech 0.4p Wells Fergo FRN 2000 \$48.44 Woolwich FRN 1998 2188.94

FRIDAY MAY 1 Abbey National Funding 6,1% Dual Curr Gtd Nts 1899 Y2541.66 AMEC 61/20 Cm Cv Pref 3.25p Ameritach \$0.30 Assoc British Ports 11%% Bds 2011 umin R0.075 ·

Beil Atlantic \$0.77 BET 4'4% 2nd Deb \$2.25 Brasio Corp Beb \$1.75 Creston Land & Esta 6% Cv Ln 3p Dunadin Worldwide 31/96 Pref £1.75 Elsevier NV FID.66 Essayar NV 10.00 Expanset Intl 2.16p Fleming Mercandle Inv 4p Puriong Homes 3.2p Pyffes 8.25p Cv Pref E0.04125 Genfinance 11.81% Ln 2007 £58.55 Government of Gibrattar 11%% Ln 2005 25.9375 Greece 7% Ref Ln 1924 35p Do 7% Ref Ln 1924 Fd Bde 1965

Hardys & Hensons 5% Pref 1,75p Hesdway 0.65p Headway 0.65p Hydro-Ouebec 91/1/6 Debe Series GG 2001 C935 Inv Trust of Guernsey 1,984p

Johnson Group Classes 8.55 Lang (J) 6.4% Pref 3.2s Lamont 6% Pref 1.05p Do 5.6% 2nd Cm Pref 2.8p Do 10% 3nd Cm Pref 5p

Lloyds 7\$8 11.9p COMPANY MEETINGS: London Stock Exchange 10%% Deb 2018 75,0825 Mershells 10% Cm Pref 5p Mediately 0.8p Merchants Trust 4% Deb 12 Midland Bank 7.65% Sub Nts May 2025 95737.50 Montreal 3% Deb £1.50 Nemetrick 356 Oak \$1.50 Hotel, Central Promenade, Douglas,

Nettingham Corp 3% irrd £1.50 NWF 2.8p Parkland 3.15% Cm Pref 1.575p Partieno 3.1379 Santa 5.850 Paterson Zochonis 5.850 Do A NV 5.650 Do A 3p. Rank 12,75p Retail Corp 6½% Cm Pref 2.275p Reuters ADR 21:2127 M TOMORROW COMPANY MEETINGS: Ricardo 2.2p

Do NW 18p ottish inv 31/2% Cm Pref 21.75 Do 3.85% Cm Pref 21.925 Do 4.66% A Cm Pref 22.275 Sherwood Int S.Bp Sincler (Wm) 2.Ap Singer & Friedlander 81626 Cv Unx Ln 2009/14 24.25 Sparge Consulting 3.75p Television Corp 2.5p Tor Inv 11p em Hotsour 0.33c Treets 0.50 rinity inti 9.2p Verdon 1.6p Whitered 49% 1st Cm Pref 1.575p Do 5% 3rd Cm Pref 2.1p Do 7% 3rd cm Pref 2.45p

E SATURDAY MAY 2 Comwell Parker 1.5p

UK COMPANIES

TODAY.... Brandon Hire, Price Waterhouse, 31, George Street, Bristol, 9.30 Depty Group, Darby House, Survingidale Rd, North Linck, 11.00 Survingdale Rd, North Linck, 11.00.

Bilithran Inv Trust, Temple Court. 11.

Queen Victoria Street, EC, 12.00

Marriay Inst Trust, Strathclyde Sube,
Glasgow Royal Concert Hall, 2.

Sauchichall Street, Glasgow, 12.30

SR Pan-European Inv Trust, 10,

Storia Brigs, Lincon's Inv. WC, 5.15

Shopiths, Shearwater Suite, Static

Middle Court Deveraged Deutrian

BOARD MEETINGS: -mais: Calchwell Investments; ESS Group . si. shams: Strongom; Wardle

WEDNESDAY APRIL 29 COMPANY-MEETINGS:

BBA, Queen Chartone Room, Charwell Street, EC. 11.30 BICC, Maxdarin Oriental Hyde Park, Krightshridge, SW. 12.00 British Aurospana, Queen Basabeth il Conference Carrier, Board Sandustry, Mattemate, SW. 11.00 menster, SW, 11 00 tch, Commonwealth House, 1, New dord Street, WG, 11.00 ahem, Forte Posthouse, Brighouse, 11.30 erson High Income Trust, 3, Henderson High Income Trust, 3, Firstury Avenue, EC, 12:30 Lorien, Trinty Count, 16, John Dation Street, Menchaster, 10:30 REA Brothers, Merchant Taylor's Hall, 30, Threacheadle St. EC, 10:30 Spandez, 1600, Park Averue, Aztec West, Almondistury, Bristol. 10.00 Swellowfield, Castle Hotel, Touriton,

BOARD MEETINGS: Finals: Chiroscience: Hiscox, Ryan Hotels

Licebeart, Singer & Friedlander, 21, New Street, Blancopgie, EC, 2.00 Pecific Assets, 1, Charlotte Square, Silinburgh, 2.30 Pegasus Group, Orion House, Orion Way, Kettering, Northerins, 12.00
Singapore Pera Rubber Ets, 3,
Clanifactic Gardens, Turbridge Wells,
Kart, 11.30
Trust Motor, Leeds Marrioti Hotel, 4,
Travelyan Sq. Boar Lane, Leeds, 12.00 Vymura, Aldermary House, 15. Queen. Street, EC, 12.00

BOARD MEETINGS: .

Wood (A), Bradwell Works, Longsort, Roke-on-Trent; 12.00

COMPANY MEETINGS: Clarke (T), Smoking Room, Simpsons. Strand, WC, 12.00 ted Park Hotel, Buxted East Sussex, 11.00

BOARD MEETINGS:

Arcadia Group

IN FRIDAY MAY 1

THURSDAY APRIL 30

Pentiand Group, The Pentland Centre Scurres Lane, Finchley, N, 10.30 Television Corp. 30, Sackville St, W.

Group, 24-30, Holsom, EC,

COMPANY MEETINGS:

Company meetings are around general meetings unless otherwise stated. Reports and accounts are not available until approximately so weeks other the board meeting to approve the restinguages results.

nti House, 1, New

# **CONFERENCES & EXHIBITIONS**

MAY 26 - 28

Financial Markets

introduction to the City and

MAY 5 - 8 Conference on International

Securities Lending Co-sponsored by ISLA (U.K.) and RMA (USA), a joint U.S./European Securities Landing Conference covering the industry. Issue: discussed and updates from lending associations worldwide influence lending markets globally, Keynote address Withesday by Rr. Flonorable Christopher ner Governoor of Hong Kong. Thursday's address by Deborah Marchina, CNN unchor and corresponders. Contact Robert Morris Associates.

menuon the FT Ad Tel: 800-677-7621 Fax: 215-446-4100 Grand Hotel, Krasnapolsky AMSTERDAM

May 7 The UK & International

the Millenium Buo Breakfast Seminar Barn - 12.30pm Leading UK US and Euro Speakars ind Cheryl Gillan MP, Malcolm Bruce MP, Sr Michael Bett, Atan Jones OSE, Jan Timmer, Dennis Grabow debate the economic & financial invest in, Progress in other countries insurance exclusion, Property prices Speakers from Action 2000, Scottish

Widows, FPD Savils, US Congres Target audience: CEO's in supply chain economisis & investment analystymgrs Sponsors: Aon, BNAC. National Hill Hise, Wroxton, Oxon OX125 6P1

44 (0)1295 730171 fax 730962

Energy and Development '98 rd Greek National Enu A two day event organised by ENERGIA magazine in association with the "Centre for Global Energy Studies". The contenence has been established over the past years as a major event in Greece for energy

policy and business. Top government officials and senior industry exocutives from Greece and abroad will participate with keynote prosentations and partel discussions The conference covers many key The contenence savestment issues including: Investment Opportunities in Greece's Energy Independent Energy Production Energy Policy Presentation of

Smede's Energy Sector, Energy \$450 incl. VAT Contact: Aspasta Pelani Tel: (00301) 3640278, 3628457 Fax: (00301) 3646144



13-15 May interest rate derivatives 20-22 Ma

1 Bood Trading and Portfolio Managem 26-28 May i Structured Products 17-19 June

Applied Options Pricing and Trading 23-25 June £2,100 for each course

Ĩ

ĵ

ķ

1

(£1,800 for ISMA member firms All courses include extensiv use of market simulations using the dealing room facilities at the purpose-built ISMA Centre

on The University of Reading All courses tatient by academics who were formerly industry

funiter details can be obtained from Elame Real. Tel. 0118 931 6730 Fax: 0018 931 6425 aral: e reidej ismacentre.rdg ac. www.renerentre.tde.ac.th

MAY 7 - 8 Negotiating International Gas Contracts: Avoiding the pitfalls

r concentrates on the special aspects of the gas industry, and of gas markets, which complicate the financial design and implementation of natural gas as - pinclines as well as LNG pla 2 days £750 Contact: Moirs McKinlay Fax: 01382 322578

Email: epmip@dus MAY 11

Accredited MBA Fair The Association of MBAs' Accred MBA Fair will cover full-time, part-time and distance learning MBA courses at over 40 leading British and continental strend and receive full details vis Nat West Bank's registration service. Tel: 0900 854369

**MAY 11** HR Systems - Increasing HR's Contribution to the Business This seminar examines the incressed capabilities of the latest generation of computer systems - better report generation, more meaningful management information, greater ficzibility and integration with other software. A seminar for HR professionals wishing to increase the effectiveness of their function. Contact Sarah Arman on 0171 353 2772

MAY 11 - 13

Credit Insurance and financing opportunities. For banking · Fundamentals of credit insurance Main players policy wording, risk coverage . The domestic and international markets • Export credit agencies • Multi

source export credit activity Outline and further details available Contact: BPP Training & Consultance Tel: 0171 628 8444 Fax: 0171 628 7818 Email: hppcraum

CTTY OF LONDON MAY 11-13 Essentials of Risk Management Risk Profiling . Risk Reporting Operational Management of Derivatives Risk - Applications of Risk Measures to Foreign Exchange and Interest Rate Derivatives - Audit and Control · Regulatory Compliance

Contact: Birchin Interna Tel: 0171 628 4112 Fax: 0171 628 4113 Empil: birchma-birchin.com Internet http://www.birchin.co LONDON

MAY 11 - 13 The Fundamentals of Leasing and Asset Finance For newcomers to the industry, covers all espects of leasing - Documentation & title considerations - SSAP21 tax allowance and corporation tax . Lease evaluation

 Applications accounting systems
 Developments - Administration of a Outline and further details available Contact: BPP Training & Consultancy Tel: 0171 628 8444 Fax: 0171 628 7818 Email: bpptrampgi

CTTY OF LONDON MAY 12 - 14 Internet World UK Spring 98 Explore the UK's largest exhibition of internet and intranet business solutions The Conference - Register before 1st May and Save £100. Integrate Interpet, Intranet and Web

Understand the technology and its Take part in four days of carefully focused workshops and seminors. Olympia. LONDON

Conferences

Conferences &

LONDON

3rd Turkish Power Industry Forum 98 - Senior Executives Privatization, Financing, Regulation, Projects (Gas &

Keynote: Minister Cumhur Ersumer, Ministry of Energy & Netural Resources, TEAS, BOTAS, Pall Mail, LONDON arlat of Tre Undersecretarial of Treasury, InterGen, National Power, NV Nederlandse Gasunia, GAMA Industries, Shell international Gas Ltd, The World Bank, Koc Holding, loward Energy Int., Stewart & Sevenson, CMS Bectric & Gas Co., PacicCorp., Taylor-De-Jongh, The AES Corporation, ABB Projec & Trade Finance
Pennified C&E

Phone: 00 31 30 2650963

Istanbo MAY 13 - 14 Standard & Poor's DRI World Car and Truck Forecast

Conterences Juan José Díaz Ruiz, Executive Vice President of Toyota Motor Europe and Cor G Baan, Senior Vice Presid Paccar Inc and Chairman of DAF Trucks N.V. are joining DRI to discuss automotive issues. Tel: 0181 545 6212

LONDON

MAY 18-20 Understanding Derivatives
- Background and Development of
Derivatives - Markets - Financial Instruments and Credit Risk • OTC v
Exchange Traded Instruments • Instruments
Rate Derivatives, Financial Futures. PRAs and Swaps, Swaptions · Currency Derivatives, 'Exotic' and Standard Currency Option, Currency Swaps
- Equity and Commodity Derivatives
3 DAYS £875 + VAT

Contact: Birchin International ple Tel: 0171 628 4112 Fax: 0171 628 4113 latemet: http://www.birchia.co LONDON

MAY 18 - 21 Auditing the Dealing Room (De-mystifying Treasury and Capital markets operations) NEW FORMAT - four days training for pternal auditors of Treas markets operations - FX and MM -Bonds - Derivatives - dealing, Risk. limits, controls, management ion, GBP 995.00 + VA Lywood David Internationa Tel: UK 44 (0)1732 463014 Fax: UK 44 (0)1732 463015

e-mail: training@lywood LONDON Extra dates throughout 1998 Credit Analysis - Level Two For those with a good knowledge of accounting & understanding of financial statements. Gives more sophisticated understanding a business & problem loan identification. • Risk, liquidity & company dynamics • Evaluation of financial and forecasting • Groups • accounting & lending • Creative accounting techniques • Problem loans
Outline & further details available

Contact: BPP Training & Consultance Tel: 0171 628 8444 Fax: 0171 6728 7818 LONDON Implementing the Euro in 17

Find out what IT strategies exist for

accommodating the single currency; the technical options for dealing with dual

approach the Euro Conversion Project:

whether Euro migrations can be tackled

the same way as Y2K. A must for anyone

information. Presentations from: European Commission; RPMG; Global Business

ems which process financial

currencies; how [] departs

Networks: Mercury Interactiv UNICOM t: 01895 256484

**Exhibitions** 

MAY 19 - 20 Legal Issues Surrounding Y2K and their Solutions (Seminar and Workshop) Exploring the contractual and firigious aspects of the YZK, millennium warranties and outsourcing as a solution to the millennium bug. An invaluable triefing for Legal Professionals, in-house lawyers, contract managers within companies and Millenium Compliance Managers.

Bird & Bird, Cameron McKenna, Dibb Lupton Alsop, Eversheds, Halberstam Elias & Co, and the NHS Executive. UNICOM : 01895 256484 f: 01895 813095

encations from Baker & McKenzle

LONDON CBD Worleshou - Introductors

Sterling Software are holding a series of technology focused Component Based Development introductory workshops. These to day workshops will be held en May and June and are the stons will be ipol independent with the focus on sducating and informing the marks place of the real business benefits of taking a CBD approach to

STERLING SUFTWARE

Contact: Emily Browns

MAY 20 - 22 Intermediate tevel aimed at those in corporates and banks who need to understand valuation, capital structure, shareholder volue and funding. \* Key Concepts in Finance \* Cost of Capital \* Review of Investment Appraisal \* Debt/Equity Management \* DCF Valuation \* Valuatio Valuation . Valuation Multiples Acquisition Funding Sharehol
Value Practical Case Studies MBC
Contact: FSMD for course brochure ies - MIBO.

Tel: 01625 530050 Fax: 01625 523937 E-Mail: training@fsmd.co.ul LONDON

Conferences

&

**Exhibitions** 

To advertise conferences,

exhibitions, trade fairs,

conference venues and

1.2 million readers worldwide.

**Contact Jade Sanderson on** 

tel +44 171 873 3507

fax +44 171 873 3765

Historical role of the City . The Role of the Bank of England . Banking The convergence of internet System and Market Participa and Telephony Jeff Pulver, the beating interne

System and Market Particus-Organisational Structure and Services at Major Banks • Non Bank Pinancial Institutions • Capital, Money and Risk Mamagement Markets • The London Stock Market • Technology and Jargon telephony expert, brings together 83 spaakers in 36 sessions over 4 days to cover every facet of 3 days £875 + YAT internet technology aweeping through the telecommunications Tel: 0171 628 4112 Pax: 0171 628 4113 Keynoles by Ericsson, Telenor.

Microsoft, MCI, Dialogic, PSI. Communications, elemedia LONDON MAY 27, 26 & 29 (Lucent), and Cisco Systems. European Business Forum Annual Summit on Growth In Europe: +47 22 42 47 S1 Non Europe: 1,516,753,2640 Web: www.pulver.com/e

Financing
The summit deals with all aspects of nce problems for growth cosmunics, ast conference seminar on EASDAQ A post co is part of the program. Experienced entrepreneurs and senior executives from major investment bankers, law and Tel/fex; +33 4 93 59 39 50

CANNES, France JUNE 2-3 Preparing for EMU: The IT Challenge This event enables you to learn from the

experience of practitioners, establish the contribution IT can make to EMU Tel: 0181 879 3355 Fax: 0181 879 1122

LONDON JUNE 8 - 9 Trends in the Global

Corporate Credit Analysis PIRA Energy Group's European Seminar Hear PIRA's latest assessments of crude oil supply/demand, price differentials, regional petroteom product markets and the refining outlook. Keynou: Walid Khadduri, editor Middle East Economic Survey, Enquiries: Nomi Co Tel: 212-686-6808

LONDON

Skills - Level II Rating . Non-financial Factors . Management Competence • Interpretation of Financial Information • Cashillow

Modelling · Accounting Concepts and Standards · Creative Accounting Contingent Liabilities • Corporate 5 days £1695 + VAT Tel: 0171 628 4112 Pax: 0171 628 4113

Conferences

**Exhibitions** 

POWER-GEN Europe '98

LONDON

Europe's largest Utility Conference & Exhibition for Senior Executives from Central, Eastern, Western Europe strategies, trends, forecasts in the Power Generating industry. Over 200 innovative presentations, 300 exhibitors, 6500 conterence delecate and visitors from 75 countries expected. Plus Dealmakers Session generating financing and investmen opportunides in Europe.

Penntifiel Energy & USRy Group Phone: +81 38 265 9963 Milan, Italy

JUNE 15 & 16 The 3rd World Aluminium Conference Speakers confirmed for this event, in association with CRU International, include sonior executives from Alcan-Aluminium Limited, Billion Aluminium BV, Hydro Aluminium Extrusion, Kaiser

Aluminum, Aluminium Industries : BHT, Alumas Inc and Aluminiy AO training courses to approx Contact: Lucinda Roberts. PT Conferences Tel: +44 171 896 2120 Fax: +44 171 896 3696 Email: flo@pearson-pro.com LONDON JUNE 17

International Grains Council World Grains Conference '98 "Open grain markets...going for growth' Speakers will focus on opportunities for expanding trade in a price-conscious market increasingly driven by end-user needs and by the growing importance of grain-based products.

Tel: +44 171 515 1122

mational Grains Council

PINE 17 & 18 FT Film Finance Conference This simply conference will seek to approach the film industry from a Voice on the Net - Europe '98 capital markets perspective, examining the opportunities and problems that

present themselves to portfollo investors and corporate financiers contemplating investment in this high growth industry sector. Contact: Sim Fencourt, FT Conferences Tel: (+44) 171 896 2638 ... Pax: (+44).171 896 2696

Email: sian@pearson-pro.com www.faconfecences.com JUNE 22 & 23

The 21" Annual FT World Gold Conference Confurned speakers include Mr Peter-Fava, Chairman, LBMA, Head of Precious Metals, HSBC Midland; Mr Bobby Godsell, Chief Executive Offices, Anglogold; Dr Stewart Murray, Chief Executive, Gold Fields Miseral Services Lac Dr Rodolf Trink, Head of Treasury, Strategy Division, Austrian National Bank and Mr John M Willson, President and Chief Executive Officer, Player Dome Inc. Contact: Surah Gibb, PT Conferences Tel +44171 896 2639 Fan +44171 896 2696

LONDON

BARCELONA Managing the Information

search Association (EpidenA) **37th Symposium** Thought provoking presentations and interactive discussions on Information Overload, Information Management, Interaction between Marketing Research and IT, Role of Market Research in the Future of IT.

Also features extensive agency For Programme and wab site: http://www.ephmra.org or contact Janet Henson on

Fex: +33 1 30 53 67 59 Monick, Germany

JUNE 25 - 26 Linking the Balanced Scorecard to Strategy Don't miss Professor Ro o-founder of the Balanced Bu Scorecard, at his first personal UK appearance this year. He, and a top-class apeaker panel, will give you the advice you need to develop a scorecard

Tel: 0181 879 3355 Pax: 0181 879 1122

JULY 6 & 7 FT Corporate Property Conference - Winning Strategies for Business and the Financial Community This FT Conference will consider the increasing importance of property, both as a balance sheet and operational assot. The importance of financial markets and professional service providers will have be addressed. Contact: Lucinda Roberta, FT Conferences Tel: +44 171 \$96 2120

AUGUST 2 - 7 Strategic Brand Leadership in Banking - gaining competitive advantage Speakers include senior directors from Lloyds/TSB. Halifax, LIFFE, Standard

LONDON

Fax: +44 171 896 2696 E-mail: Ro@pearson-pro.com

red. Salomons. ABN AMRO, AJB Sank and others from Europe and USA. 5 days, \$2,800 + VATa Lynch Tel: +44 171 929 6633 Fax: +44 171 929 6644 Email: birch Downing College, CAMBRYDGE

SEPTEMBER 3 & 4 FT World Aerospace and Air Transport Conference This event will examine the strategic restructuring of the civil and defence acrospace manufacturing and civil aviation sectors. Confirmed speakers include senior Airways plc, Banque Paribus and Craffield College of Aeronautics. Contact: Josepha Edwards, PT Face (+44) 171 896 3696

EUROPEAN MINING

INVESTMENT FORUM 98

JUNE 24-26, 1998 GENEVA, SWITZERLAND

Featuring 25 premier gold, silver, and platimum mining companies including Newmont Placer Dome Homestake, Goldfields,

Normandy, and others Designed for qualified investment professionals: find managers, private-money manager

metals analysis Meet top management in a private setting

Space is limited, inquire today

\*Gold shares are 10w at their lowest level compared to world equities -since 1970."

FOR MORE INFORMATION Ph: (303) 825-3368 Po: (303) 835-3368 Po: (303) 534-5423 mail: info@denvergold.com

International Real Estate Fin Canference "Creating a New

Synergy: Global Parinerships

in Real Estate Finance" ponsored by the Mongage Bankers association of America (MBA). The conserence devoted to mortgage finance professionals from dezena of notionage finance professionals from dezena of notions. Sessions cover recent developments in the residential and commercial sectors in emerging markets. Topics include mutilitateral schottly, government policy perspective secondary systems, international low income housing, innovative technology and trade barriers.

For further information 186A infernational Divi-Tel: 202 961 6560 Fax: 202 961 0736 Email: Infernational@i Merican Series

SEPTEMBER 24 & 25 The 2nd Annual World Creating Markets and Profits In Stainless Steel
This FT Conference, organised with CRU
International, will consider the impact of
global over-capacity within the sector and
the need to create and develop new markets,
in stainless than 18 or the conference of the control of t in stainless stoel. Raw meneral available will also be among the issues addressed. Contact: Lucinda Roberts, FT Conferences Tel: +44 171 896 2120 Fax: +44 171 896 2696

Maui, Hawali, USA

Planning a Conference? Today's UK and international the latest in conference

ail: fic@pearson-pro.com w.faconferences.com Pittsburgh, USA

CARPENTER COMMUNICATIONS provides everything from LCD projection to satelfite link technology backed up by full technical and production support.

technology and equipment.

conference, call the experts. Tel: 0181 897 2736 Fax: 0181 759 7165

When planning your next



1

To advertise contact Jade Sanderson on +44 171 873 3507 or Fax +44 171 873 3765

**Financial Times** 



# INSIDE TRACK



**PROFILE VAGIT ALEKPEROV, HEAD OF LUKOIL** 

# A lust for black gold

John Thornhill speaks to one of Russia's most ambitious oil barons, who intends to direct his company on the global stage

Vagit Aleaperon little greyer, a little plumper and a little plumper and a little mellower than when he first set about restructuring the Russian oil industry in the

the intensity of his ambition and, eventually, in Iraq. nor his determination to transform his company, ers into a fully fledged multi-

Ensconced in his luxurious office, boasting beautiful oriental carpets and the \$12bn (£7.5bn) - considera- he claims. bly more than the gross domestic product of his native Azerbaijan. He cl

hungers for more. In spite of controlling of reserves greater than those of Royal Dutch/Shell or Exxon, he says Lukoil must grow at home as the industry consolidates. Today there are 15 big companies operating in the Russian market but in future there will only be about five enterprises operating at an international level, he predicts.

Lukofi is considering the purchase of the highly prized Norsi oil refinery. But unlike some of its other rivals, which have merged to form new combines, Lukoil is not about to give up its identity, says Mr Alekperov. "We consider that our company has already been founded on such high standards - meeting western levels - that it makes no sense to change the Lukoil name."

Mr Alekperov aims to exnand Lukoil's presence outside Russia, mainly

Vagit Alekperov is a through participating in buccaneering spirit that international consortiums in stood Mr Alekperov in good Azerbaijan, which he stead in the early 1990s describes as "one of the most when he halped devise the promising oil-producing regions of the 21st century". sia's oil industry before join-He also intends to explore ing the Lukoil group he had Yet there is no mistaking opportunities in Kazakhstan

With typical bravado, the

Azari businessman believes Lukoil, from being one of he can teach his western Russia's biggest oil produc- counterparts a thing or two - even in their own backyards. He has, for example, launched (with some audacity) a chain of petrol stations in the US. Eight have green malachite desk furni-ture much loved by Russia's planned. "We have found a ture that could attract fortsars, Mr Alekperov has unique niche there. We were already built a company the first to start building sta- ern accountants, bankers, with a stockmarket value of tions on supermarket plots," public relations advisers and

> "We were very optimistic give Lukoil a rational shape. and confident because we Lukoil's share price raced thought This is a canitalist market where everything is into the international capital understandable and clear.' markets. It became the first But we soon realised that. Russian oil company to crethere were complexities - ate a strategic alliance with with documentation and a western firm - Atlantic licences - and that they Richfield of the US. have bureaucracy just like we do here," he says, permit- rov appeared to get quite ting himself a rare chuckle. It was just this kind of euphoria, famously declaring

Stock Exchange that he a lot more hard work." would buy Exxon within 15 years. One of his fellow directors later dismissed Mr Alekperov's "modesty", claiming Lukoil would realscheme for privatising Rusise its goal within a decade. But events of the past few months have provided a ing the Lukoil group he had created. The company, based

sobering reality check for on three production units in the Russian oil industry. The Langepaz. Urengoi and Asian financial crisis has Rogalym (from which its inidriven away many of the fortials are derived) controlled eign investors who once clamoured at Lukoil's door. some of the country's best The collapse in world oil prices has severely squeezed Mr Alekperov realised the cashflow of Russian promore quickly than most that ducers and rendered many of the key to success in Russia's re-emerging market lay their high-cost Siberian

fields unprofitable. Lukoil itself has taken far longer than it first envisaged to get its financial accounts in order, delaying its plans management consultants to to seek a full listing on the New York Stock Exchange and hindering its ability to

"Life has suddenly become a lot tougher for all Russia's "Last year, everyone was throwing money at them and At one point, Mr Alakpethey thought they could do no wrong. This year, the oil carried away by this market price has fallen and investors have become more dis-

> vertically integrated multinationals that dominate the global oil industry. He strongly backed President Boris Yelfsin's re-election

with Heydar Aliyev, president of Azerbaijan.

restrained persons these days may reflect the pressures he is under and the recognition of the challenges that lie ahead. He seems to realise that Lukoil can achieve little unless there is

Mr Alekperov's more

on a visit to the New York criminating. It is going to be

a more general improvement in the Russian economy. On this score, he has mixed views. On the one work!" they gush. hand, he is encouraged that

Russia has achieved a large measure of political stability - as was paradoxically illustrated by the peaceful reaction to last month's sacking of Victor Chernomyrdin as prime minister. "There was a change of

government and society was absolutely calm. That is wonderful," he says. "Such a thing has never happened before in the past five to seven years and proves that right direction."

On the other hand, he says oilmen," says one Moscow- Russia still has to grapple based investment banker, with enormous economic problems, such as wage arrears, defence conversion and tax administration. "Very many mistakes were made at the beginning of the [reform] period when people were prepared to be enormously bold," he says.

Mr Alekperov argues that government and parliament must work together to pass the "enormous quantity of laws" needed to create a civilised market economy in Russia and a fair tax regime to encourage investment.

"The main goal of our gov-ernment in the nearest future must be to create the conditions for an investment boom, both from domestic and foreign investors," he says. "If this happens then Russia has enormous possibilities of becoming a great country in every sphere."



LUCY KELLAWAY

# Getting the flavour of the business

care to advertise. No

Treating customers and shareholders with honesty and respect is a good start if a company really wants to improve service

Dear McDonald's, Your tasted! Dear McDonald's, My retarded child had a fit in one of your restaurants and your employees were so sensitive and caring! Dear McDonald's, Thank you for giving my son a job, and for developing his young mind. Dear McDonald's, Our child was ill in hospital and the local McDonald's susuined and comforted us through a difficult period. Dear McDonald's, You do the best kids' birthday parties ever!!!

With this deluge of gratitude from customers the world over, the burger chain starts its 1897 annual report. The message from its letters page is clear: McDonald's is feeding not fust the bodies but the souls of happy people everywhere Shareholders are apparently deeply grateful too (which seems strange when McDonald's underperformed

the market last year). Mr and Mrs Oza from Sunnyvale, California, write to congratulate the company on its "clear vision", its share buy-backs and its earnings per share growth. "Please continue the great

If all this does not make you feel sick, the blown up picture of an Egg McMuffin on the previous page, featuring a bright pink slab of "ham" poking out of the bun, certainly will. And to cap it all, there are interviews with its five to

eight-year-old customers -"some of our TOUGHEST critics" - proclaiming that McDonald's is their favourite place in the whole world.

tougher critics than these. It must have forgotien those two environmental activists. your customers a better deal if you do not recognise what and the long running libel

If Derek Wanless gets first prize for telling it like it is, second prize must go to Chris Evans, the suit that drew attention to aspects of McDonald's biotechnology entrepreneur. business that it does not He told the FT last week that running a biotech company was like colouring mention of that little escapade anywhere in this by numbers: he puts the numbers in and his underlings do the colouring. "What I have done is sketch

a ropey one you are giving

colleagues contribute by

In an age in which it is

compulsory for bosses to

team work, all decisions

startling, Evans may or may

not be an arrogant so-and-so,

and I'm glad that I'm not one

of the people who has to colour in for him. Yet I am

so fed up with listening to

autocrats pretend they love

argue with them that it is a

it when senior executives

great relief to hear a little

plain speaking.

taken jointly, all credit

shared, this is pretty

And what about the figures themselves? Mr and Mrs Oza might be happy a beautiful landscape," he shareholders, but there is no said, adding that his disguising the fact that the company had a bad year. adding the odd flowers here Michael Quinlan admits as and there. much in his chairman's letter, adding: "No excuses. pretend that everything is believe we control our destiny."

That sounds like good macho American stuff ~ until you start wading on to provide. He spells out his strategies for controlling

McDonald's is feeding not just the bodies but the souls of happy people

the company's destiny, and adds (for the benefit of shareholders who have trouble reading): "These strategies use words like more' and 'increase'.' Compare this with NatWest, the UK hanking group, that has also had a difficult year. Last week Derek Wanless, the chief executive, used words such as "no" and "must change" and "survival". That is more like it. Were I a shareholder I would be heartened to hear the chief executive say that

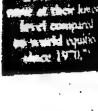
customers for granted for

too long. It is hard to give

"This work is much more than a book," begins the latest and most hyped management book ever, Blur. For the last few months I have been receiving jazzy postcards marking the countdown to publication date of this proundbreaking volume So already I knew that Blur was more than a book it was a marketing extravaganza. And when at last I received a copy, it invited me to visit the Biss web site for an "an ongoing organic exchange of opinions". But when I did. what I found was further

This has given me a great idea. I, too, can write a management book and name it after a pop group, Mine will be called Oasis. This is a much better title for a business book than Blur. In the middle of these tough business times every company wants to reach their oasis, their little patch of fertile calm.

My chapters will take their names from Oasis albums and will be preceded by similar hype. I am already spinoffs, the excitement, the secrecy before publication. the web sites, the T-shirts, the airport scenes... The first chapter - Definitely. Maybe - will be about the planning process. The second - What's the Story? will explain this strategy. and the final chapter, in which the husiness actually finds its casis, will be called



W 11501 5 37 . . .

BARBANDA

معدد والمقاسون والأكاموسان

man car of the

<del>angelbeige Gig -</del> er er if

Principal Continue or

A comparison of a particular of the particular o

garan ing til best

Acres 18 Aprile

and the second second

A September 1800 and and provided in

Contract of the Contract of the

 $\varphi(q) = h \oplus h_{m,n} = h^{-1} \wedge h^{-1} \wedge h$ 

Sample of the American

de pring interest physics of the contract

April 1961 to 1961 to 1971 to 1971.

at older a second

S Mar Marie -- 1

March Der Bellemateries

metal - Milesony

gipt fin Migriphen ander والأواد بالموالية والمنافقة

Charles the property of the control of the control

german strain and a second

Street Same

The second of th

ALEXANDER DE PROPERTOR DE LA COMPANSION DE LA COMPANSION

Language .

and the response and his

The state of the s

man in the state of the state o

SERVICE CHEST OF THE COURSE

Barrer Branch

engine - made to the

. ... . . . .

with the second

5425

and the second of the



Early career: Vagit Alekperov was born in 1950 in Baku. capital of the then Soviet republic of Azerbaijan, which has been involved in oil production for more than a century. Quickly developing a craving for "black gold", he graduated as an engineer from the Azerbaijani institute of oil and gas and went to work in western Siberia.

in 1984 Mr Alekperov became the general director of Kogalymneftegaz (which later became part of Lukoli)

emerging as one of the legends of the Soviet oil industry by building up the

oil-producing fields.

eign capital. He hired west-

local infrastructure Politics and oil: in 1990 ha moved to Moscow as a deputy energy minister of the Soviet government and helped devise the structure of the Russian oil industry when it was privatised after the collapse of the Soviet Union.

Oil and politics: in 1991 Mr Alekperov was appointed hand of Lukoll and started modelling the company on the

campaign in 1996 and has developed close personal ties

Personal wealth: Fortes magazine has estimated his personal wealth at \$1.4bn. (£830m). Mr Alekperov says he is "financially secure". He says he does not own shares.



IF YOU MUST COMPLAIN DO IT QUIETLY-



PAUL BETTS

# Fighting for supremacy of Italy's skies

A new international airport in the north of the country is causing resentment, anger and political controversy in Rome

For centuries, the great maritime republics of Venice and Genoa were at war with each other. One monopolised trade with the east and produced one of the most amous travellers of all time. Among Marco Polo's other achievements, he is reputed to have brought back from China spaghetti, thus starting a culinary revolution in what later

Decame Italy. The other looked west, and after being ransacked by the Venetians, produced Christopher Columbus who, with the assistance of Spanish funds, discovered America.

The big battle dividing italy these days is no longer being fought between two ports, instead, it is pitching north and south - Rome, the Political capital, against Milan, the business metropolis. And it involves that popular form of modern transport - air travel. in October, Milan will

open its new international airport at Malpensa – an outpost an hour away from the city within eyesight of the snowy peaks of the Swiss Alps. The project has taken 10 years to complete, has absorbed about L2,000bn (£674m) of public money, been embroiled in financial scandals, and is still the subject of considerable local controversy.

The airport, or rather northern Italy's new "international hub" as its promoters call it, has been conceived as one of those grand projects with little attention to basic consumer comforts. The new terminal is nearly finished but still lacks proper rail and road

links to the city. A railway station has been built inside the airport but there are so far no tracks to connect the "Malpensa Express" to the main railway line to Milan. The road journey is also likely to prove a nightmare,

especially at rush hour. The taxi ride alone will cost at least four times more than the current L30,000 price from the old, heavily congested Linate airport only 15 to 20 minutes from the city centre. With the exception of the

Milan-Rome shuttle, all flights at Linate will be transferred in October to Malpensa. Most of the foreign airlines now flying to Linate are furious and have filed a complaint in Brussels claiming that the switch is designed to undermine them and enhance the competitive position of Alitalia, the Italian flag carrier.

However, the prickly row with the foreign airlines and local consumer associations pales in the face of the growing political controversy over Italy's future airport hub. Rome and its mayor are livid. Forty years ago Rome's international airport was

Fiumicino. Now, just as they are spending another L1,700bn to expand Fiumicino and its surrounding infrastructures for the 'Great Jubilee' religious celebration for the millennium year – Rome's city fathers are alarmed that Malpensa will usurp Fiumicino's role as Italy's international hub. They are all the more concerned by Alitalia's plans to transfer a large number of its Rome-based intercontinental flights to Malpensa to bring these services closer to the high-yielding business

travellers of the north. Previously, businessmen had two choices when setting off for the US or the far east: either they flew to Rome to pick up an Alitalia intercontinental flight, or they took a flight from Milan with a rival European airline to London, Frankfurt or Paris and continued their journeys from one of these well-established hubs. Alitalia says it has lost billions of lire to the built on the swamps around | competition as a result of

the lack of a proper hub in northern Italy. Gabriele Albertini, the rightwing mayor of Milan, provoked Rome further by suggesting that Italy did not need two airport hubs and that Malpensa could satisfy the country's international

air transport ambitions. This led to an immediate response from Romann Prodi, the centre-left prime minister, who wrote an open letter on the front page of the Milan daily Corriere della Sera defending Rome's role in what he called Italy's new integrated airport hub

The national airport debate has inevitably revived all the country's traditional north-south rivalries - all the more so, one suspects, since Malpensa is in the middle of a region which is one of the main bastions of the separatist Northern League movement. It is no longer just an

argument about airline economics: Fiumicino fills airliners with tourists. pilgrims, clerics and

diplomats who mostly travel on cheap tickets: Malpensa should attract business more expensive front end of the aircraft. It is an issue of national status and prestige It is also the old story of the rich north resentful of being robbed by the poor south and the Rome political establishment; and the south and Rome equally resentful of the north's dog-in-the-manger self-sufficiency.

Alitalia's chief executive,

recently wrote on the front page of another newspaper, Domenico Campella, that it would be difficult to imagine a similar domestic row over two airports in any other European country. But then most other European countries have long had a natural single hub such as London, Paris, Amsterdam or Frankfurt. And no other

country in Europe had two ports that fought so fiercely for so many centuries for supremacy. Now it is simply the turn of their airport counterparts.

# STOP!

Are you about to break the law by copying from this newspaper?

Under the Copyright, Designs and Patents Act 1988, generally it is unlawful to reproduce articles from newspapers without permission even if only for internal management purposes. To make copies legally, your organisation must get a licence from the Newspaper Licensing Agency - set up to help you comply with the law quickly and easily.

You can obtain details of the licensing scheme and an application form by sending for a booklet. For your copy, simply contact the Newspaper Licensing Agency at Lonsdale Gate, Lonsdale Gardens, Tunbridge Wells, Kent TN1 1NL or telephone 01892 525273. fax 01892 525275, email copy@nla.co.uk.

# Fedex search for bosses who can deliver the goods

Victoria Griffith On force. The group needs new simply were not ready for. a company that

knows management its least educated employees salary and benefits that is not for everybody

Jim Smith, a flight trainer with Federal Express, the courier service, decided a few years ago that it was time he stepped up the corporate lad-der into a middle-management position. Believing it would just be a formality, he enrolled on the one-day course Fedex requires all would-be managers to attend: "Is Management for

After the eight-hour session Mr Smith gave up the It is their supervisors do idea of advancement and returned to his job as a trainer. "I have a very active creating turnoll within the life outside the company," he says. "That course made me realise that being a man-ments, but positions for module of a far longer proager was a bigger commitment than I was willing to

Fedex is not out to squash the ambitions of its work- ing on responsibilities they many. Between 30 and 40 per

leaders, and is famous as a "A lot of workers think corporation that gives even about the prestige, better a shot at a lucrative career. come with being a man-But 10 years ago the company decided something was wrong with its promotion

More than 10 per cent of new managers asked to leave their jobs in less than a year. The turnover was

The people who decide management is not for them go back to their

work with a new respect for what

group as executives scramunhappy managers to go

tive position are now asked to take the "Is Management bled to find not just replace- for Me?" course, the first gramme called The Leadership Evaluation and Aware-The company concluded ness Process. The session is that many people were tak- effective discouragement for day.

ager," says Dennis Kenny,

who runs the programme for

Fedex. "But they don't think

about what they will actu-

ally be doing all day, and if

All would-be managers not

directly hired into an execu-

they will enjoy it."



workers. Some, who see

general giving orders, are

disappointed to hear they

will have to listen to their

employees and find ways to

make sure each is perform-

ing well. "They may have

envisaged themselves with

their feet up on the desk

Kenny. "But really they are

that form the backbone of

the local economy need more

being served coffee," says Mr

BANX

cent of those who attend off by the regulations man-decide the answer to the agers have to study and folquestion posed is "no".

The course has made it harder to come up with cau-didates for middle-management jobs, but Fedex says it follow a commonsense has been effective in reducing turnover. In 1997, fewer than 2 per cent of new managers left their positions within the first year,

The course drives home the message that being the head man or woman is not without its downside. The session is usually held on a Saturday, and workers are not paid for attendance, driving home the point that managers often work unpaid overtime. During the course. mid-level managers explain what they do in a typical

Mr Smith says he was put

in a servant-leader position, looking out for the interests low, particularly in the area of other employees and the of aviation, which is gov-Of course, many Feder erned by federal and international law. "You can't just

fits of being a manager outapproach; you have to know weigh the drawbacks. For a lot more than that," he them, says the company, the "Is Management for Me?" module offers an important Other would be managers are put off by the prospect of insight into what their lives unpleasant tasks like discimight be like once they move up the ranks, and plining, even firing, other helps them cope with the themselves in the role of a

Fedex says the course has produced an unexpected side benefit; "The people who go to the sessions and decide management is not for them go back to their work with a new respect for what it is their supervisors do," says Mr Kenny. "Being a middle manager is a difficult job."



#### Business presentations à la mode

It is not unusual for business students to give project presentations to a corporate audience. But last week's presentations in New York at the Columbia Business School were decidedly upmarket.

Over the past semester.

students from Columbia have worked with students from the Parsons School of Design to examine the distinctive characteristics of luxury products and their markets. As part of the course the students split into six teams to work with, and develop products for, six top design houses: Chanel, Hermès, Lalique, Van Cleef & Arpels, Bernardaud and Daum. The presentations include a new Kelly bag for Hermès, a leather goods line for Chanel and a writing implement for Van Cleef & Arpels.

Columbia: www.columbia.edu/

#### A dearth of deans

cu/business

Stanford Business School is looking for a new dean following the announcement by the present boss, Michael Spence, that he will stand down from August. Stanford's two neighbouring top-tier schools, the Haas School at Berkeley and UCLA, are already looking for deans to take up their poets later Stanford:

#### www-gab.stanford.edu Software marketing

The Darden school at the University of Virginia is following in the footsteps of the Wharton school and marketing softwars developed for its in-house use to other business achools. EDU Link, part of Darden Information Services, has developed datebase programmes and internet:

intranet applications for the admissions office, career and atumni services and the registrar's office as well as for the executive education department, Business schools at Berkeley, UCLA, Columbia and Duke are using the services.

#### Darden: www.darden.edu The Hamel

strategy Strategy specialist Gary Hamel will give the next Stockton lecture at London Business School on April 30. His talk will be on "Suilding an Entrepreneunal Corporation: Lessons from the Boardroom". E-mail; bwilliams@lbs.ac.uk

#### Brushing up at Wharton

Wharton's MBA students have been getting out the paint brushes this month end helping elderly, disabled and low-income residents by refurbishing their houses in north and west Philadelphia. They are part of a project known as Christmas in April of Philadelphia, one of some 200 similar organisations across the US that help prevent homelessness by maintaining living accommodation. This year, the tenth year of the Philadelphia project, more than 1,000 volunteers will refurbish 39 homes. Thomas Garrity, dean of the Wharton school, is one of the leading lights of the project. www.wharton.upenn.edu/

## Rotterdam double

For the second year in a row the Rotterdam school of management at the Ersamus graduate school of business has won the Rutgers University MBA case tournament held in Atlantic City, New Jersey. The case the participants studied was a general menagement case for Japan's Sharp Corporation. RSM: Netherlands, 10 408 2750

ation for News from Campus should be sent to Delia Brad The Financial Times, One Southwark Bridge, London SE1 9HL. Tel. 44 171 873 4873 Fex 44 171 873 3950

**BUSINESS EDUCATION SHORTER COURSES** 

# Practical answer to the management skills gap

they cannot afford to lose a weeks, particularly if the benefits are intangible.

Last week, 30 managers from small and medium Bradford. sized enterprises (SMEs) in Bradford started a one-year Business Masters pro- for practical guidance. Our gramme devised by Bradford centre hopes the pilot course ment training and very MBA that requires a on a generalised course."

'We believe SMEs need shorter and more focused pany," says Mr McClements.

MANAGEMENT QUALITY

Smaller companies access to high quality manmay value staff train- agement support at a pace ing but many feel that fits in with their time and particular needs," says man of executive develop-ment at the centre, which is attached to the University of

"Often, they're not looking for management theory, but research abowed that SMRs Management Centre. The were interested in manage-

lem-solving, says Mr McClements. It follows research by manager even for a few Robert McClements, chair- the centre, the local authority and Bradford's Training and Enterprise Council that identified a need locally for skills development to improve competitiveness, business survival and

growth among SMEs. companies and are fine will fill the gap between interested in solutions to hands on. But they can short courses that may offer their problems, but they become lost as the company SMEs too little and a full were not terribly keen to go grows because they haven't developed the skills to sus-The Bradford course is tain and develop a com-

month for a year. The course comprises three elements: formal lectures, best practice visits to companies, and team problem-solving. Parts of the course will be customised to address issues facing individual companies. Bradford Tec is backing

the course with a grant of "There are many able £250,000, allowing three entrepreneurs who start scholarship places and a subsidised rate of £3,600 for local companies. Others will pay £10.950. Mohan de Silva, the Tec's

thinking. To give them the reins," says Mr Watson. edge, that training has to be customised. Smaller companies who have had bad experiences in training will be very cautious about commiting themselves again. It's not just money, they cannot afford to waste time and

they need to see a pay-off." Terry Watson, managing director of Millar Dennis, a director of business and eco- Bradford valves manufacnomic regeneration, says he turer with a staff of 25, wants the course to improve encouraged his new sales

The 30 managers will the competitiveness of SMEs director, Nick Whitfield, to practical learning and probattend three evenings a in the region. "Companies apply for a place on the Bradford course. "I want him to learn about general encouragement and access management so that if I'm to the latest in management not here he can take the

"It's important that we develop people but difficult if your sales are relatively small and the training budget dependent on the succes of the company."

Mr Watson save that evening classes allow for training without disrupting the busi ness. "As a small company, I can't afford to lose a key per son for days at a time." Sheila Jones

# **Technology** Cinema A projection for the

future of the flicks Electronic video systems are poised

industry. George Cole looks in Last year 1,100 people ing director of BT's con-went to a cinema in sumer division. Ealing, west London, Each cinema would store to watch a film with a difference. The pictures came from an electronic video system and not, as is usually the case, a 35mm film print. A number of companies irs racing to develop what some see as the next milestone for the motion picture industry: electronic cinema. An EC system replaces con-

to revolutionise the motion picture

ventional 35mm film and projectors with computer workstations and highresolution video projectors, and supporters claim it could revolutionise the cin-British Telecommunica-

tions and several partner companies have spent more than two years developing an EC system.

But they are not alone: a

European consortium whose supporters include Aerospa tiale, the French aerospace company; Deutsche Tele-kom, the German telecoms company; Hewlett-Packard the computer manufacturer and the European Commission, is also developing an EC format Supporters of EC say it

offers a number of advantages over today's film-based system. Film prints are expensive to produce (about £1,000 each) and have to be physically distributed, which means expensive transport costs. Film prints wear out, and the production system is not flexible enough to cope with an unexpected increase in the demand for

An EC system uses a telecine process to convert 35mm film into an electronic form, which is digitised. The digitised film can be stored on a central server, which could distribute the motion picture to cinemas via satellite or a fibre-optic

"You just have one digitised film on a server, which can be sent to thousands of cinemas and which never degrades like a film print," savs Rupert Gavin, manag-

the film on a powerful workstation, and film operators could simply "drag and drop" an on-screen icon on to a timeline to start the programme. Advertisements could be easily inserted into a theatrical programme by simply dragging them on to

Last month BT and its partner companies demonstrated their BC system at a cinema in Haymarket, west London, owned by Virgin Cinemas, another partner

The electronic cinema material shown had been tele-cined by 124 Facilities,

One digitised film on a server can be sent to thousands of cinemas

part of Channel 4 Television, and fed to a video processing unit called Supervisor, developed by Snell and Wilcox, one of the largest broadcast equipment manufacturers in

When video pictures are shown on a large screen, they flicker, and the individual lines that make up the picture become visible. But Supervisor doubles the number of picture lines from 625 to 1,250, and processes the images to reduce flicker.

The processed images are fed to a high-resolution video projector developed by Hughes-JVC Technology. and displayed on a large screen. In a commercial EC system, the digitised film would remain encrypted until it reached the projector, to reduce the risk of DIFACY.

According to BT, when the EC system was shown to 1,100 scientifically selected Tim Jackson will return members of the public at an

per cent expressed positive feelings about the picture quality (they were not told they were watching electronic pictures).

But the Haymarket audience was not so impressed, and David Youlton, chief executive of Snell and Wilcox, said he was unhappy with the resulting images. Earlier electronic transfers had produced far superior

The problems seen at the stemmed from the original source material. Which suffered from judder and other visual defects.

Although film prints often suffer from scratches and of expensive EC systems are likely to be much less forgiving about any resulting visual defects. BT says that the technology is still under development and insists it will improve.

But the electronic cinema faces other hurdles. In spite of the potential cost savings offered by EC, the technology is not cheap. Each cinema would need a back-up workstation, costing many tens of thousands of pounds, in case of failure.

Film technology has remained basically the same for the past 100 years, but in the fast-moving world of computer technology, setting an EC standard that would remain fixed for many years Will not be easy.

But perhaps the biggest hurdle is inertia: it will be hard convincing the film industry to switch to electronic media

Electronic cinema could suffer the same fate as all the improvements for the Qwerty keyboard, where the existing standard is too

entrenched to shift. Jon Blumberg, BT's head of electronic cinema, remains optimistic. "Electronic cinema may never happen, but I hope that it does. We have to sell this concept to the Hollywood studios," he says.



combat high costs, poor standards

Black belts

Peter Marsh on the engineers given the job of increasing efficiency at Siebe

Mention black belts in most boardrooms and the reaction is likely to be one of alarm. But at Siebe, the British controls and engineering company, everyone knows that black belts stand for increased quality and lean production. Siebe's sales this year are expected to reach some \$6bn (£3.5bn), 90 per cent outside the UK. It has one of the best

growth records of any European industrial company. the momentum is Allen Yurko, Siebe's American chief executive. He is one of the UK industry's strongest proponents of "lean production" methods and increased

The people leading this 30 "master black belts" otherwise known as senior quality or production engineers - most of whom have been recruited or trained for this specific job in the past

two years. The "masters" are training a further 200 (soon to grow to 300) engineers and technical people known simply as measure customer satisfaction, or "black belts". It is the black belts who are expected to put the new methods into practice at the company's 300 or so factories around the world.

controls, which cost a few dollars, to computer systems results since the company more than \$100m.

launched the programme in 1996 under the name "Six Sigma". These include two plants making domestic appliance controls, one in Plymouth, in the UK, and the other near Tokyo; one making industrial systems in Foxboro, Massachusetts; and a fourth making air con-

ditioner controls near Milan. Each black belt is responsible for four or five specific a group of plants. These could include efforts to increase productivity on a particular production line or to reduce the number of items made that fail to meet quality standards.

The black belts also make sure that the customer gets Attempting to maintain exactly what has been ordered. For a company like Siebe, with a complex mix of several hundred thousand products, problems in ordering account for one-third of its costs in correcting supply quality by removing unnecor manufacturing defects.

At present these costs account for 3 per cent of drive at Siebe are a team of Siebe's sales - down from 4 per cent two years ago. Mr Yurko wants to reduce this further to 2 per cent by

Each black belt is expected looking at quality. No one

to save through his or her was spending all their time

lack of it, is to count the proportion of delivery dates that fail to be honoured

In industry the standard way to

The ideas cover products personal initiatives up to fixing the problems." from refrigerator appliance \$500,000 a year. The combined saving should, by 2000. to monitor output at entire annually, Siebe says. The the number of times a year a industrial plants, where the net annual benefit to Siebe's cost can be up to \$20m. Four profits - taking into account of Siebe's factories have salaries and other running achieved particularly good costs - is expected to be products that someone buys

Siebe uses three benchmarks to monitor how well work out at some \$160m it is doing. Inventory turns company can transfer the parts sitting in its warehouses or factory floors into is "probably the best sin-

Giving people full-time

responsibility for quality and

costs is crucial, says Mr

Yurko. "In the early 1990s

we had reached a plateau in

gle way of measuring a company's lean manufacturing performance", according to Mr Yurko. In the early 1990s Siebe

getting results. At that point was at about three or four everyone was spending 10 turns a year, now it is seven per cent of their time to eight and the goal is to bring this up to 10 by 2000 the level achieved by industry leaders such as General Electric of the US. Achieving this would release an extra \$300m or so of cash.

In quality measurements, Siebe's factories on average make 500-1,000 defects per million parts. Japanese automotive parts companies commonly aim for defects of 10 per million or less. Stebe's goal by early next century is to get to just 8.5 defects per million.

order for a standard part or product - for instance a per cent of its deliveries piece of kit for an industrial control system that has just significantly in the next few

be a few days to a few

specifies when the customer wants a product - no matter how soon this is - without any discussion about whether this is feasible. Mr Yurko says the changed definition is part of a deliberate policy of passing the initia-Lead times account for tive to the customer. At any delay to a customer present, using the tougher measure. Stebe fails with 5

it, is to count the proportion of delivery dates that fail to be honoured. But what constitutes a delivery date is open to question; in the past Siebe defined it as the date agreed by each of its 200 sales divisions with a cus-In recent months it has adopted a much tougher measure. The delivery date

the company aims to cut this

كالحذامن الاص

FINANCIAL TIMES MONDAY APRIL 27 1998 (3 = 10 pt = 1) ★



The Hamel

Britishing up at Wharton

Rotterdam

ter ublig

Strategy

initial ientations mode

IAR \$\$549 to be an

The property of a second secon

(2) 新文化 関連を (2) 第一次 の (2) である。 (2) 第一次 の (2) である。 (4) 第一次 の (2) である。 (4) 第一次 の (2) である。 (5) 第一次 の (2) である。 (6) 第一次 の (2) である。

Professional Section (Control of Section 1994) And Control of Section 1994 (Section 1994) And Control of Sectio

itware rhoting

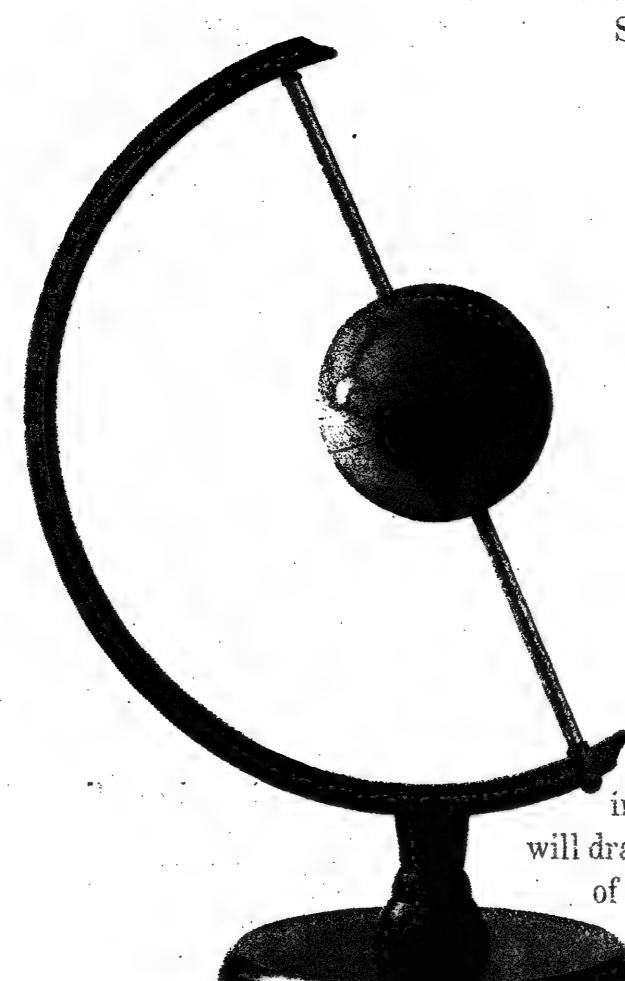
And the second of the second o

ction for the fileks

The second of th

to digitalised fill to deriver can capped to pursuands of

The second of th



As a result of today's merger with USF&G, The St. Paul Companies is not just getting bigger, we're getting better. The merger increases The St. Paul's financial assets to \$36 billion and our staff to more than 14,000 employees worldwide. What's more, with this move The St. Paul Companies becomes one of the top ten property/casualty insurers in the U.S., as well as one of the largest writers of surety bonds, and we remain the nation's top medical liability insurer. The combined company will draw upon the individual strengths of both The St. Paul Companies and USF&G. The products and underwriting experience of each are complementary

# HAS THE WORLD GOTTEN SMALLER, OR IS IT THAT WE'VE JUST GOTTEN BIGGER?

and will allow us to better serve our clients. The merger creates economies of scale that will stimulate investment in more competitive products and services, which will serve to make The St. Paul Companies stronger and more competitive. For 145 years, The St. Paul has stood solidly between our clients and disaster. As of today, we're standing more solidly than ever before.

The St Paul

fitting s

polymat

jeke Wadachlager water!

ritistands on a

🌌 🛍 lega of wasy

meadow graphy like art

sland surrounded by

water, a metaphor for

化二烯化二烯烷

7.1-15. e

Oracle Constitution

નાના કામ હોલ્ફ્સ્ટ્રા

MERNAHOVA

Arts

WALL RD VA

CACES,

Busker's Variable

# Playing fair lifts the cloud of corruption

Good local advisers are essential to help you avoid being cheated as the government battles to protect tourists, says Gillian Upton

foreign visitors of pickpockets, several ways: you know to be extra vigilant. "Finding someone who doesn't cheat you is the challenge," says Kester Eddy, a long-time British resident in the city.

Hungary may be the most westernised of the former Warsaw Pact countries, but corruption, exacerbated by many layers of bureaucracy, is prevalent. The government's emergency austerity package three years ago began to bear fruit last year due to a surge in foreign investment, but with average take-home pay of Ft30,000 (£84) a month, the black economy is still thriving at 35 per cent of gross domestic

"Corruption certainly exists and the government is determined to find ways of reducing it," says Simon Martin of the British embassy in Budapest, "In most instances it is possible to succeed by playing fair ... My

When even the tourist have good local advisers." The authorities of Budapest atmosphere of corruption can I find it necessary to warm affect business travellers in

 A common scam is perpe-trated by taxi drivers. The cars are metered but the drivers still choose the rates, and rip-offs are common. The rate for the 25km journey from the airport to the city centre should not exceed

Ft2,500. Tipping is 10 per cent. Locals favour Fo Taxi (tel: 06 80 222 222) with its red and white check logo, but beware imitators. City Taxi and Radio Taxi are also reputable firms.

Better still is the Airport Minibus (Ft1,000 one way), which takes you to any address within city boundaries. Tickets are on sale at the airport (tel: 06 80 296

There is a simple underground system in the city centre and an inexpensive two or three-day pass (from Ft2,000) that covers all modes of transport,

 Do not patronise any restaurant that does not show prices.

at questionable establishments. • Do not change money on the street. You think you are getting a better rate, but more often than not you receive forged notes or bundles of toilet paper in between real ones.

 Watch out for thieves. A favourite hang-out for pickpockets is the underground station. People don't have money to go out so it is quiet and the streets are deserted after 10pm. Play safe and don't walk, call a cab, advises Andrea Erdei, executive director of the British Chamber of Commerce.

 Due diligence checks are of little use as most Hungarian companies have only been up and running since the early 1990s. You can't be sure of the people you're doing business with," warns the embassy's Mr Martin. In other ways, doing business

in Hungary is more straightforward. Business etiquette is familiar. Personal contact is imporand Hungarians rarely entertain at home so you will have to organise dinners and opera tickets. "Hungarians are tuned into that being part of the selling process," says Mr Martin. The restaurant Gundel is a for-

mal business venue with private rooms. The 100-year-old building looking better than ever, thanks to a big refurbishment by its US owners. Food is stodgy. Expect to pay Ft10.000 for two Kempinski Hotel Corvinus. Cencourses without wine.

By comparison, the price of opera tickets for performances in the imposing Hungarian State Opera House are cheap compared with London or Vienna, and it is easy to get boxes. Highly recom-

restaurant next door. The good hotels are concentrated in Pest, the business half of the city. Probably the best, and most expensive, is the six-year-old trally located, it offers international standards of comfort and facilities, from great bathrooms, plenty of space and in-room ISDN lines and voice plenty mail, to a business centre.

boardroom for rental, three res-

The nearby Marriott and Inter-Continental are both riverside properties. The 1970s-built Marriott is known locally as "that ugly grey building on the river". Every room has a balcony, bathrooms are small, and rooms offer ISDN lines and voice mail. Book its concierge executive floor for the usual benefits. It also has a fitness centre, 24-hour business centre, two restaurants and large convention familities.

The Inter-Continental, built in

the 1980s, offers river views to half its guests. Standard rooms are dark and dismal, so trade up to its Six Continents Club on the top two floors for modern, light accommodation - a refurbishment was completed earlier this month. There are two restaurants and a fitness centre. Business travellers will end up

with hefty taxi bills if they stay at the Hilton, located in the Casthe District on the Buda side of





#### Survey rejects flight cost fears as duty free ends

More than nine out of 10 business travellers buy duty-free goods, a survey has found. But a surprisingly large proportion remains aceptical that the impending abolition of sales within Europe will force up the price of flying.

Research by Carlson Wagoniit, the travel agent, among UK-based executives shows 93 per cent buy something at duty or tax-free shops and that 43 per cent oppose the threatened ban which is due to take effect from next summer. But lobbylists fighting to save duty free will be concerned that abolition will result in higher fares, the same proportion predicts that it will make no differ-

If fares do go up, a eignificant number may be ready to sacrifice in-flight frills to fly with one of the new breed of low-cost airlines. The survey found that 84 per cent were prepared to use such carriers on European flights. compared with 79 per cent in 1996 and 81 per cent a year

# **BA** offers quick link to doctors

Passengers suffering urgent medical problems on British Airways filghts will get faster help following a deal between the airline and Medaire, a Phoenix-based emergency organisation. Pliots will be able to speak directly to one of 16 Medaire doctors by doctors will assess the traveller's condition and advise crew whether they need to make an emergency diversion. "Pilots currently come through to our own medical centre," says BA but now they will have much

#### Phone-free carriages

It is not just leisure-minded rail passengers who long to see separate carriages for incessant mobile phone users According to a survey by British Telecommunications. nearly half the business travellers who use Britain's trains would also welcome separate "working wagons". It found that 67 per cent claimed to work on rail trips, with just over three-quarters

using the time to catch up on reading. Only 18 per cent said they used laptops and a surprisingly low 21 per cent owned up to making calls on their mobiles - but 40 per cent said they would like power points so they could save on batteries.

#### Drive-through Hawaii check-in

Hawaiian Airlines will offer drive-through check-in at Honolulu airport this summer. Customers flying between the Pacific Islands will pull up in one of two special lanes near the departure terminal, where they will be met by staff who will relieve them of their luggage, check it to their destinations and direct. siot.

#### Swissair adds **Asian services**

Swissair will launch new non-stop services between Zurich and five more east European and central Asian destinations on Friday. They are Baku in Azerbaijan. Yerevan in Armenia, Riga in Latvia, Tollial in Georgia, and Samara, capital of the west Russian region of Kulbyahev.

#### Bargain fare Heathrow/Asia

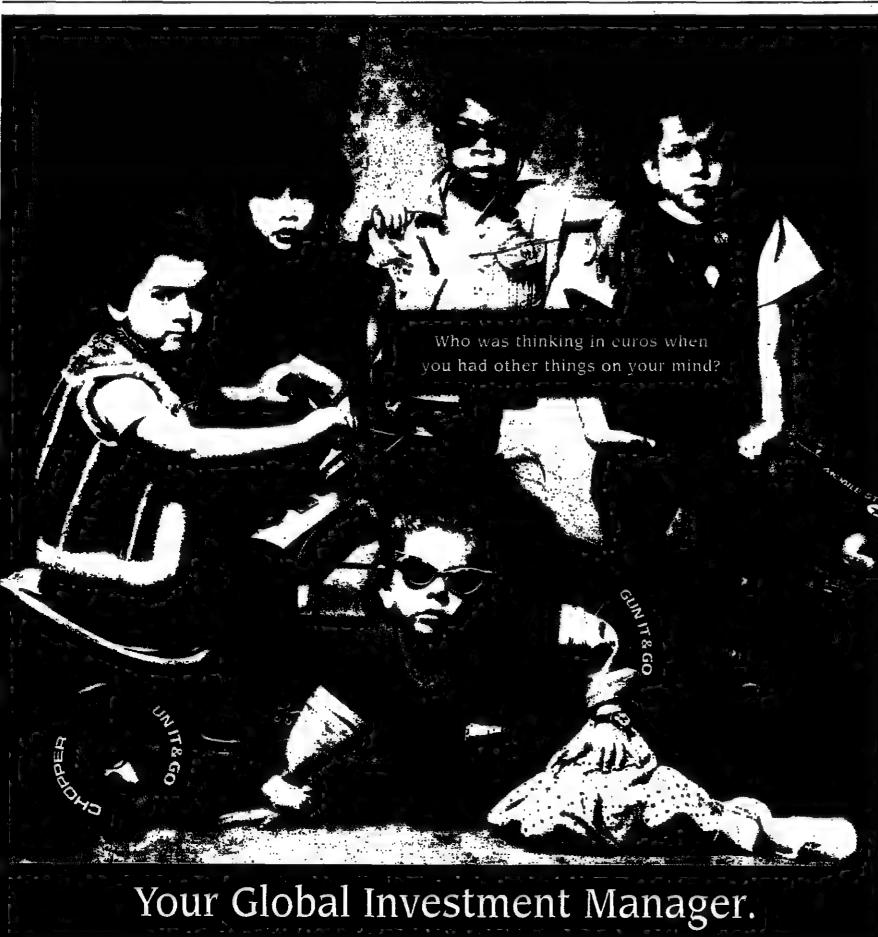
Business travellers on tight budgets may be tempted by a £399 return fare between London Heathrow and Asia with Air China. It is valid until August 31 on flights to Beijing In China, Seoul or Pusan in South Korea, and Sendal, Osaka or Fukuoka, eli in Japan, There are complications. Passengers to South Korea and Japan must travel via Beijing and will need to stay overnight there; you can travel there and back only on Tuesdays, Thursdays and

#### Citadel hotel set to re-open

One of Europe's most spectacularly located hotels built within the ramparts of the citadel at Carcassonne, in south-west France, is scheduled to re-open on Friday after a \$3m (£1.7m) refurbishment. Among the improvements at the 60-room Hotel de la Cité are conference facilities and an internal courtyard.

Roger Bray

		100	W50	Diagram .	- Al
Takyo -	22	<b>禁 z</b>	<b>₹</b> 24	** 25	25
Hong Kong	<b>2</b>	22	22	31	<u>4</u> 2
London	15	16	16	17	17
Frankfurt	<b>473</b> 18	15	18	20	23
New York	u u	<b>**</b> 14	19	<b>2</b> 22	72
Los Angeles	<b>#</b> 27	¥Ç÷ 25	<b>☆</b> 23	24	2 7
Milen	20	19	21	22	19
Paris	<b>3</b> 4	15 .	17	18	12
Zuolch	18	13	17	20	33. 12
وروع بطاوحانا	led by 174 Woodburch	DER .		National Impe	appear in Chines



The euro is coming. But the real news is that the European borders

that reach beyond national boundaries. As one of the world's leading

faded years ago for ABN AMRO Asset Management. We've known for a long time that providing our clients

with optimal performance on their assets means taking a

sented in almost every European country. And we have

talked to an asset manager who looks ahead? For more information

please contact ABN AMRO Asset Management. Tel. (31-20) 6294776.

has focused on identifying and tapping into promising investments

pan-European approach. So for years our management and research

ABN·AMRO Asset Management

ALMATY - AMSTERDAM - ATHENS - BUDAPEST - BUENOS AIRES - CHICAGO / COPEMHAGEN - CURAÇAO - FRANKFURT - HELSINEI - HONG XONG - ISTANBUL - JAKARTA - LONDON - LUXEMBOURG - NILAN / MONTEVIDEO MUMBAL OSLO PARIS - SÃO PAULO - SINGAPORE - STOCKHOLM - SYONEY - TORYÓ - TORONTO - WARRAW - ZÚRICH

Approved by ABN AMRO Asset Management (UK) Limited, regulated in the UK by IMRO for persons who are not private investors

HMIS MOSTAN AND

y rejects cost lears ty free ends

240 27 CO

1 - To 1

graph twenty by

 $\frac{1}{2}(1+\alpha) + \frac{1}{2}(1+\alpha)^{\alpha-1} + \frac{1}{2}(1+\alpha)^{\alpha-1}$ 

Mary Control Control Total

حراري والمستوي

suppose the steal

Control of Marinet

A second of the

المستحران ويستهم

 $_{g_{1},\ldots,g_{m+1},g_{m+1}}(\overline{z}_{2},\ldots,z_{m+1},\overline{z}_{m})$ 

 $g_{i+1} = g_{i+1} = \pi_{i+1} \circ g_{i+1} \circ \operatorname{sup}(\pi_{i+1})$ 

Hern Guick

in doctors

**经支持以<sup>200</sup>000000000000000** 

कुम्बर्वतिकः । ५० । ८ । १५ ।

E March March 2 to 19 19

Spinish Section 1

Agen Place of the

garty and there is not

المراجع القروبة والمحروبات

والمدلأ ويتطبهاني بهي

Straight Barberry g specification in a const gaponist of Galactic Trans

SEAN THE SECTION

applicable of market figure of the

4-21-54-20-

THE PROPERTY SHOPS

Contract to the second

Drive-through Mawaii check-in

Swissair adds Asian services

Bargam fare Heathrow/Asia

FREE TO MINISTER. HARRIE PARTIE TO THE A PROPERTY OF STREET FREE BY SHIP THE Citadel hotel sel man street, but some one to re-open

4-free THE WALL WALL STREET magerie with EAS A

Mark - marketings --■ 「本事のをごい والمراجع والمواجعة والمتحاطة M Ca Balling. and the same of the same of A PART OF THE PERSON IS ... F. STREET, STREET, S. C. \*\*\* the shorts and that happen

Roger Fin PORT BOTH THE PROPERTY OF No. of the Property of the Party of the Part



NEW YORK

Although Ellioit Certer is ed throughout the music world, he is not often played by orchestras in his native US. This week the New York Philharmonic pays tribute to him in his 90th birthday year. Leonard Slatkin (right) conducts the first of four performances of Remembrance on Thursday at Avery Fisher Hall, in a programme also including. Mahler's Kinderiotenlieder (Drnitri Hvorostovsky) and Suk's Asrael Symphony.

SCHWETZINGEN The annual festival in the rococo court theatre at Schwetzingen, near Mennheim, opens on Thursday with Don Giovenni conducted by Thomas Hengelbrock and staged by



includes the world premiere of an opera by Salvatore Sciamino and a production of Shakespeare's As You Like It.

On Thursday the Kunsthalle der first showing outside France of

Picasso's personal collection of art. On loan from the Musée Picasso in Paris, the exhibition includes 110 works by Cezanne, Corot, Degas, Matisse, Renoir and Braque, plus 60 paintings by Picasso himself. It runs till mid-... August. -GLASGOV An exhibition of scrolls from the Deed Sea (right) has its

nine scrolls written 2000 years ago and found in caves in the Judgeen desert in 1947, it will be shown in Paris in the autumn and later in Cologne

only UK the Kelvingrove Art Gallery on

Friday. The which runs till August, compris

WASHINGTON The National Gallery of Art has organised a retrospective of Mark Rothko (1903-70), with an mphasis on his surrealist and classic periods. The show.

which opens on Sunday, moves to the Whitney in New York in September and Paris at the turn of the year.

BRIGHTON The Brighton Festive opens on Saturday with a concert at the Dome by the Detroit Symphony

Orchestra, Other highlights include a concert Bonis Godunov with



the Folk Opera of Stockholm and theatre productions from

# Fitting shrine for a Victorian polymath

Jackie Wullschlager visits the new Ruskin Library

est architectural writer in English. is rather like inviting the ghost of Elizabeth David to dinner - the ideal of the master, authoritative, unforgiving, impassioned, hangs over the project: how is it possible not to go wrong?

As the taxi swept up the hill to the bleak exposed campus of Lancaster University, home of the new Ruskin Library and exhibition centre, Ruskin's stern prediction of blank lifeless 1960s slabs rang in my ears. "You shall draw out your plates of glass," he warned a cen-"and beat out your bars of iron till you have encompassed us all...with endless perspective of black skeleton and blinding

But then the taxi reached the top of the hill and a giant white eye, crossed by polished green bands with a bronze-clad aluminium door

'It stands on a plateau of wavy meadow grass like an island surrounded by water, a metaphor for Ruskin's Venice

at its centre, stood out bright against the aky. On a grey day, the building seems to rise from a lagoon: "It stands on a plateau of wavy meadow grass," says architect Richard MacCormac, "like an island surrounded by water, a metaphor for Ruskin's Venice." It is a witty, impressive exterior that be more fitting. transforms the entrance to the university, and is instantly inviting.

In the foyer, a glass and slate floor continues the thems of water and a building within a building, the Treasury - "sarcophagus, cas ket or ark" - rises through the full height of the interior, encased in an oak frame with panels of red Venetian plaster. Inside are 8,000 of Ruskin's unpublished letters, 200 manuscripts including his diaries, every edition of each of his works. and 1500 drawings and photo-

graphs. Surrounding it are a series of interlocking spaces: intimate galleries that will host changing displays of the work, conference rooms and a reading room designed like a church with a great window facing west to Morecombe

Designing a building to calebrate Bay. Everything is rich and finely the work of John Ruskin, the great made - walls lime-washed with natural ochre pigment; oak and walnut desks from a local furniture maker; a table from the original Ruskin Drawing School in Oxford. "The use of materials reflects Ruskin's concerns with appropriateness and the values gained through

craft processes," says MacCormac. No Victorian literary figure has a shrine like this - built, courtesy of the National Lottery, for 22.3m. Why Ruskin, now?

Ruskin, says the Library's curator Stephen Wildman wryly, "tried to teach the English how to see. He failed, of course." This is a moot point. When Ruskin died, mad, in 1900, he felt he had failed, but it is impossible to imagine 19th-century art without him. Modern Painters his championship of Turner, is the first work of art history in English: many Victorians said that they had been given a new sansa - gight. Ruskin praised the painter's "innocence of the eye, a sort of childish perception of flat stains of colour, merely as such, without consciousness of what they signify - as a blind man would see them if suddenly gifted with sight".

Across Europe he sought art and architecture that was not only unknown to the English but virtually inaccessible. He persuaded old priests to open up churches and stained glass window; he urged his Pre-Raphaelite disciples such as Burne-Jones to copy the Old Masters, and he founded the Arundal Society to offer high quality reproductions to a wide audience for the first time. The giant eve metaphor of MacCormac's exterior could not

Observation of nature and architectural detail was Ruskin's passion. It began when his puritanical mother refused to allow him toys and he spent his infancy examining the patterns on the carpet. The opening display here contains some of the early fruits of this denial: a precise map of Italy, drawn when he was nine, and a sketch of Canterbury Cathedral, inscribed "my first as ever was. study of architecture", done at 13. In his 20s, travelling without his parents for the first time, his view of art was transformed by seeing

Tintoretto in Venice. There are tender copies here of Tintoretto's "Adoration of the Magi" and of the roses in Botticelli's "Primavera", as well as watercolours and drawings from his for-



carry torches and ladders while he "sign tours; the Trevi fountsin by researches into Venetian Gothic; examined a painting or sketched a moonlight; the exquisite facade of the Palesso Minischalchi in Varona; the naturalistic ornamentation of a portal at Rouen cathedral; the unfinished cathedral at Beauvais, drawn on blue paper against a swirling sky shot through with white lights - a mindscape rather than a landscape, reminiscent of Turner.

> They are as good, in their painterly quality and intensity of detail and colour, as anything by his professional contemporaries such as Proust and Roberts, and because many of them are unfinished in the last touches - Ruskin, an amateur and a rich man, had no need to sall they have a spontaneous, modern

Most haunting of all are the Venetian allusions, which MacCormac has incorporated into the design - a large opening in the front of the Treasury, guarded by shutters evoking a medieval altar triptych of the kind Ruskin loved, contains an etched glass panel by Alex Releshchenko, inspired by a daguerreotype of the north-west portal of St Mark's. Ruskin used this in his

Symphony No. 1 in D Major;

conducted by Pierre Boulez in

Pierre-Laurent Aimard; Apr 30;

Gift, Bequest, and Purchase; A

1993-1997. Including 15th and

16th century needlework from

EDINBURGH

Tet: 44-191-624 6200

specially-commissioned

FLORENCE

Tel: 39-55-211158

Scotlish National Gallery of

photographic works by one of

Maggio Musicale Fiorentino

production by Lev Dodin,

Scotland's leading contemporary

Sacred and Profane: Calum Colvin.

ction of Textile Acquisitions

Germany and England, Cambodian

weavings, and 20th century works

Art Institute Of Chicago

Tel: 1-312-443 3600

EXHIBITION

of art, to Jul 26

EXHIBITIONS

Modern Art

Display of 10

OPERA

the original photograph is in the archive along with the disries documenting Ruskin's love affair with the city. He spent most of his married life in Venice, which became his emotional substitute for the wife he remsed to sleep with. The result was the annulment of his marriage, which scandalised Victorian society, and The Stones of Venice, which brilliantly dissected his critics by comparing imperial Britain with the corrupt city of the Doges, "a ghost upon the sands of the sea, so weak so quiet - so

It is his greatest work, a 19th century evocation of paradise lost in the language of the prophets as he traced "the warning which seems to me to be uttered by every one of the fast-gaining waves, that beat like passing bells, against the Stones of Venice". Fusing art, history and social critique with absolute originality, it led Ruskin on to the radical fury of Unto this Last and Fors Clavigera.

bereft of all but her loveliness".

Wildman says Ruskin's didacticism has made him unfashionable: we are not used to looking at things with a fixed moral centre. Victorian polymath.

today". On the other hand, his benevolent paternalism - he

wanted to redress injustices without changing the basic social framework - is close to the spirit of New Labour. He was quoted in the Labour Party manifesto, and on many issues he is ripe for rereading in the 1990s - he was obsessed by scology, preached on the dignity of work and loathed idleness. In the early part of this century, his mix of incandescent prose and spiritual authority attracted devotees from Gandhi. who said resding Ruskin swakened his deepest convictions, to Proust ("he will enable my spirit to enter regions to which formerly it had no access, for he is the gate").

gathered from collections in the Isle of Wight, from Ruskin's home in Brantwood, the Lake District, and Lancaster university, together to be held here - Ruskin and the Lake district opens in May - and a show at the Tate Gallery to mark the centenary of his death in 2000. should all encourage a renaissance of interest in our most intriguing

This magnificent new archive.

# The holy grail is in their sights

OPERA

**ANDREW CLARK** 

**Parsital** 

There are two reasons why the Royal Opera's concert performance of Parsifal last Thursday demanded special attention. One was John Tomlinson's Gurnemanz the other was Heloz Fricke's conducting. Both explored interpretative extremes. often at different poles to each other, but each bore a musico-dramatic integrity which rid Parsiful of its soporific, saturated layers of

You could hardly expect Tomlinson, most impassioned of Wagnerlan isses, to offer a standard Gurnemanz - the plodding. patriarchai pedagogue. On the other band, the Expressionist blanket which Tomlimon tends to throw over his Wagner roles would be inappropriate.

To his enormous credit, he found the space, within the limitations of concert performance, to suggest an entirely original character, true both to himself and to Wagner's creation. Having developed a trance-like aura from the very first note of the Pretude, he convinced as that Gornemanz was indeed there on the platform - a personality far more complex than we had imagined, a seer and a sinner who, like all other seen his share of the action and learned the empermences.

Tomlinson has the ability. unique in my experience, to sing German in such a way that every word is precise. yet perfectly in dramatic context. "Der Held entrückt", "das Böse bannt" and a hundred other phrases take on new meaning in his hands, and while he could afford to be a little more confidential in his Act 1 narration, he could hardly improve on the lion's roar with which he crowned the blessing of Parsifal in Act 8. On this level of inspiration,

there is not a bass to match For those obsessed with giamour-puss conductors, Fricke may seem a poor substitute for Bernard Haitink, who is recovering from heart surgery. But as

demonstrated last summer

Fricke knows his Wagner intimately. This Parsifal was in safe hands. It was a fast performance, but not passionless in the Boulez mould; it may have lacked spirituality, and Act 2 did not exactly crackle, but everything was impeccably belanced and sustained.

The time flew by - not a bad accolade for a five-hou concert. The only blot on the landscape was the poor quality of canned sound for the offstage music. If the Voice from Above could be projected through one of the rear doorways, why weren't the other offstage voices and trumpets similarly placed?

Terry Edwards's chorus nonetheless rose to the occasion; so did the six excellent Flowermaiden poloists. Like his Telramun last year, Sergei Leiferkus's Klingsor was exotic but misregi, while Jukka

Domingo had one of his fly-by-night performances eyes glued to the score, swallowing words wholesale

Resilatora offered a lean-toned and less-thananguished Amfortas. The only member of the cast to true-to-life character was Deborah Polaski – a Kundry who can wall and shrick with the best of them, but whose transformation in Act 2 from tender plausibility to castrating vamp was outstanding. The seductive kiss which she nearly extracted from Placido Domingo's Parsifal was more authentic than any staged performance I've

Domingo had one of his fly-by-night performances glued to the score. swallowing words wholesale, clasping hands in phoney prayerfulness. If only he would take some German leasons instead of racing around like an international businessman, we might be able to take him seriously as a Wagner tenor. He was certainly the most expendable component of this Parsifal

Further performances toutorrow

# INTERNATIONAL

# **Arts** Guide

## **AMSTERDAM**

EXHIBITIONS

Gogen; to Jul 12

CONCERTS Concertgebouw Tel: 31-20-675 4411 London Symphony Orchestra: conducted by Michael Tilson Thomas in works by Bernstein and Copland; May 2

Tel: 31-20-673 2121 Drawings from the Golden Age: special display of 100 17th century Dutch drawings, organised to mark the publication of the first volume of a series of catalogues. Highlights to include the first landscapes by artists such as Visscher, Van der Velde and Van

OPERA Netherlands Opera, Het Muziektheater Tel: 31-20-551 8911 Wozacic by Barg, Wim Trompert directs a revival of Willy Decker's 1994 production, with designs by Wolfgang Gusaman. With the Netherlands Philhamonic conducted by Hartmut Haenchen;

## BERLIN

DANCE

CONCERTS Philharmonie Tel: 49-30-2548 8354 Berlin Philharmonic Orchestra: conducted by Claudio Abbado in works by Mozart, Rihm, Brahms and Schumann: Apr 27

Deutsche Oper Tel: 49-30-34384-01 La Sylphide: revival of a production designed by David Walker and directed by Peter Schaufuss, after August Boumonville; Apr 28; May

Deutsche Oper Tel: 49-30-34384-01 Lohengrin: by Wegner, Revival of a production conducted by Christian Thielemann and staged by Götz

## BOLOGNA

**OPERA** Teatro Comunale Tel: 39-51-529 999 www.nettuno.it/bo/teatrocomunale Don Pasquale: by Donizetti. La Scala production condoucted by Maurizio Benini/Roberto Polastri in a staging by Stefano Vizioli. Cast includes Ruggero Ralmondi, Apr 28, 30

# CHICAGO

CONCERTS Orchestra Hall Tel: 1-312-294-3000 www.chicagosymphony.org Chicago Symphony Orchestra: American premiere of Carter's Clarinet Concerto, conducted by

#### Plame Boulez with claringt sololst FORT WORTH John Bruce Yeh. The programme is completed by Mahler's

EXHIBITION Kimbell Art Museum Tel: 1-817-3328451 Chicago Symphony Orchestra: www.kimbellert.org Ancient Gold: The Wealth of the works by Ravel, Ligeti, Messiaer and Roussel. With piano soloist Thracians, 200 pieces of gold and silver including weapons, rings, necklaces and ornaments, from the Republic of Bulgaria. Metalwork is the principal archaeological legacy of the Thracian people, who from the 5th millennium B.C. until the 4th century A.D.; to Jul 19

## GLASGOW

EXHIBITION

Art Gallery and Museum, Kelvingrove Tel: 44-141-331 1854 Scrolls from the Dead Sea: discovered in caves above the Dead Sea between 1947 and 1956. these manuscripts have been the subject of intense controversy ever since. They are the oldest known biblical manuscripts of the Christian and Jewish religions, and have attracted record attendances when shown in the US. Here they will be shown alongside objects including the jars in which they were found; from Friday until Aug

# HELSINKI

Finnish National Opera Tel: 358-9-4030 2211 The Lady Macbeth of the Misensk District by Shostakovich. New The Magic Flute: by Mozart. New production by Swedish director Etienne Glaser, designed by Peter conducted by Semyon Bychkov, Teatro Comunale; Apr 29; May 2 Tillberg, Conducted by Mikko Franck; Apr 29; May 2

# LISBON

CONCERTS 100 Days Festival, Expo '98 Vienna Symphony Orch conducted by Fedosev in a programme tha; Collseu; Apr 27 LONDON

#### CONCERTS Barbican Hall

Tel: 44-171-638 8891 London Symphony Orchestra: conducted by Michael Tilson Thomas in works by Bernstein, Mahler and Copland; Apr 29 Royal Festival Hali Tel: 44-171-960 4242

 London Philhurmonic Orchestra; conducted by Mark Wigglesworth in works by Debussy, Beethoven and Sibelius. With plano soloist Lars Voot: Apr 29 The Royal Opera: Parsifal, by

title role is sung by Placido Domingo; Apr 28; May 1 Philharmonia Orchestra: Mozart Piano Concerto Cycle. The second of two concerts given by András Schiff features the three final Piano

Concertos, Nos. 25, 26 and 27;

Wagner. Concert performance,

conducted by Bernard Haitink. The

**OPERA** English National Opera, London

Tel: 44-171-632 8300 La Bohème: by Puccini. Steven Pimiott's production is revived by Berry Atkinson and Frances Moore, and conducted by Alex Ingram; Apr 28; May 1

## **MUNICH**

CONCERTS Philharmonie Gestelg Tel: 49-89-5481 8181 Munich Philharmonic Orchestra: conducted by Bernard Klee in a programme including works by Debussy and Schoenberg, With s including soprano Hildegard Behrens; Apr 27, 28

# PARIS

CONCERT Salle Pleyel Tel: 33-1-4561 6589

Orchestre de Paris: conducted by Kurt Sanderling in works by Mozari and Bruckner. With violin soloist Tedi Papavrami: Apr 29, 30

## ROME

EXHIBITION Palazzo Ruspoli Tel: 39-6-6830 7344 www.palazcoruscoll.it

Mummy Portraits: nearly 200 portraits, previously seen at the British Museum In London, painted on wooden panels, linen shrouds and plaster masks, during the first three centuries of Roman rule in Egypt; extended to Apr 30

## ROTTERDAM

EXHIBITION Tel: 31-10-440 0300 Roger Ballen: This Africa, Works representing South Africa's white rural poor, by the American photographer (b.1950); to Jun 21

## TOKYO

EXHIBITION Suntory Art Museum Highlights of Asian Painting from Cleveland's Museum of Art: selection of 100 works ranging from the 11th-19th centuries and focusing on the figural tradition; from tomorrow until Jun 21 TV AND

# RADIO WORLD SERVICE

BBC World Service radio for Europe can be received in western Europe on medium wave 648 kHZ

**EUROPEAN CABLE AND** SATELLITE BUSINESS TV

 CNN Interrugional Monday to Friday, GMT:

06.30: Moneyline with Lou Dobbs 13.30: Business Asia 19.30: World Business Today 22.00: World Business Today Update

 Business/Market Reports: 05:07; 06:07; 07:07; 08:20; 09:20; 10:20; 11:20; 11:32; 12:20; 13:20;

At 08:20 Tanya Beckett of FTTV reports live from LIFFE as the London market opens.

former Bolshevik flaunted his revolutionary superiority to mere ministers of state by insisting that any cook could run the cabinet. This week, Boris Yeltsin, the Russian president, is revelling in a similarly Olympian elevation above the country's other political forces.

In spite of the fierce objections of parliament, Mr Yeltsin has installed Sergei Kiriyenko, a 35-year-old who joined the cabinet less than a year ago, as prime minister of the largest country in the world. Mr Yeltsin's frail heart is all that keeps Mr Kiriyenko from the presidency of the globe's most volatile nuclear superpower.

For Mr Yeltsin, the monthlong political crisis has been a triumphant display of political mastery. First, the Kremlin chief reminded his subordinates that no one dare usurp the prerogatives of the tsar, abruptly sacking Victor Chernomyrdin after the loyal prime minister had too openly revealed his own esidential ambitions.

Next, Mr Yeltsin effortlessly rose above the intrigues of his entourage and the posturing of the Duma, the lower house of parliament, by selecting, and confirming, a political unknown as Russia's new prime minister. The manoeuvre has been particularly humiliating for the Communists, who have yet again shown themselves to be impotent in the face of Mr Yeltsin's formidable political will and even steelier constitutional prerogatives.

"In the Russian political system, Yeltsin has absolute supremacy over all others," says Sergel Markov, a Russian political scientist. "If he is active, he always wins." Mr Yeltsin has been

active, and Mr Yeltsin has won. He now faces the more tedious task of counting the cost of his triumph and deciding how he will use his freshly reasserted authority.

The president's first problem is that, while his victory in the recent political crisis was absolute, it was not free. In subduing parliament, Mr Yeltsin has bruised the democratic political institutions he himself created.

This month's conflict has graphically illustrated that there is no effective separa-

# And now for the hard part

As the Russian president celebrates his victory, Chrystia Freeland warns that he may lose interest in his new prime minister



the Duma is over, Mr Yeltsin

will simply lose interest.

Over the past few years, as

the dramatic dismantling of

communism has given way

to the more tedious job of

building capitalism, that has

Last spring, he appointed

dream team of reformers,

led by Anatoly Chubais and

Boris Nemtsov, to lead a sec-

ond wave of change. But

instead of offering his

"young wolves" consistent

political support, he reverted

to his more accustomed pol-

icy of allowing rival factions

in the government to fight it

out, while maintaining a

safe distance in the Krumlin.

of presidential remoteness

would be devastating. For all

his vaunted technocratic

little chance of wresting con-

trol over Russia's vast

bureaucratic machine. Even

more numerous than they

were in the Soviet era, and

sensitive to who has real

power, it will be some time

For Mr Kirlyenko, this sort

been his habit.

political system. Indeed, the president's dominance over parliament is so great that, even if the Duma had chosen the kamikaze option of voting against Mr Kiriyenko on Friday and triggering new elections, Mr Yeltsin would have had the authority unilaterally to confirm his candidate as prime minister.

Worse still, in the heat of the confirmation battle, Mr Yeltzin used his formidable powers publicly to reinforce the venality of Russia's political system. In a televised comment, he ordered his staff to take care of the material needs of members of parliament who backed Mr Kiriyenko.

"All this horse-trading, especially Yeltsin's open attempt to bribe the parliament, has lowered his authority and that of the parliament," complains Andrei Piontkovsky, head of the Moscow-based Centre for Strategic Studies.

The danger for Russia and for Mr Kiriyenko - is that now the adrenalinepumping confrontation with treat Mr Kiriyanko seriously.

"I think it's going to be very difficult for the Kiriyenko government to do anything," says Roland Nash, an analyst at MKF-Renaissance, a Moscow investment bank. "Kiriyenko might make the right noises but not be able to imple

Mr Kiriyenko's inexperience and the inertia of Russia's hureaucratic machine could be particularly dangerous now, as depressed world oil prices are depriving the country of the export revenue that has been its lifeblood for decades. Following a systemic crisis in tax collection, the low oil prices could emerge as one of the country's most serious eco-

nomic challenges this year. They will pose a dilemma for Mr Kirtyenko, who, like Russia's previous prime minenergy minister. He may be torn between his loyalties to the oil sector and his ohliga-

tion to the country. "We are entering a very dangerous period. For decades Russia has lived on oil exports and now the price is falling," says Mr Piontkov-sky. "My fear is Kiriyenko will try to save the old, oildependent economic model when what Russia needs is to reorient its economy."

These are serious misgly ings. But western investors such as Mr Nash are giving Mr Kiriyenko the benefit of the doubt. He faces huge problems, but his challenges are no greater than those confronted by the old goveriment. As a young man, shaped by the new Russia, not the old Soviet Union, the market is cautiously betting Mr Kiriyenko will find better solutions than his 60-year-

old predecessor. During the bitter confirmation struggle, a Commu-nist chief dubbed Mr Kiriyenko a "Gaidar-chik" - a smaller version of Yegor Gaidar, Mr Yeltsin's first acting prime minister who set the market revolution in motion. The unintentioned compliment is a nickname Mr Kiriyenko must try to merit.

He will be able to do so prowess, alone he stands only if Mr Yeltsin - who backed Mr Galder Int aboudoned him before his revolution was complete - proves more loyal to his new prime minister. Even the best cook is doomed to fail without a recipe, or with an employer before Russia's apparatchiks whose tastes change halfway through every meal.

# LETTERS TO THE EDITOR

# Trade unions are still the workers' champions

and relative equality. As for

the global statistics of trade

union membership, the ques-

tion of growth or decline is

affected in large measure by

the view one takes about the

that bound the "Crown" and

now bind the "state".

From Mir John Monks.

Sir, "The struggle between remains the best correlate capital and labour has with democracy, pluralism ended. Capital won," says Joe Rogaly ("Time for a new David to tackle Goliath", April 18-19) - adding that "trade unions are destined to be forgotten before long". That's that, then. Or is it? That's not how it looks in Brazil and South Korea. where trade unions have been at the heart of the democratic developments; por in the European Union and many other parts of the

Hong Kong's reunification

with China and to bring

statistics of the former Soviet bloc and China. In his remarks about the UK, Mr Rogaly is re-fighting the last war. Whatever else one may say about the European social model, it is not the same as the 1970s UK industrial world. The global model. Moreover, is he saying that the quality of people's contracts of employthe facts is that independent

dealings in Hong Kong. From Mr Ian Winafield. Second, PRC state organ Sir, We must emphasise are not above the law in that the latest amendment to our legislation referred to in Hong Kong, just as the Brityour article "Hong Kong law ish and Hong Kong governcomes under attack" (April ments were required to abide by the laws of Hong 8) merely preserves the substance of the legal position that existed before Hong Kong before reunification. Like them, PRC organs must Kong's transition. We have now comply with the Bill of embarked on an adaptation Rights, the general criminal law, civil law and ordinances of laws programme to reflect

The legislation passed on ? existing laws into line with April 1998 only placed PRC our constitutional document, the Bunic Law. state organs in the same position as British "Crown Two serious misconceptions in your report must be authorities before transition. put right. First, all Chinese Chinese state-owned enter state-owned enterprises that prises that perform commerperform commercial funccial functions have been explicitly excluded from the tions in Hong Kong are, and definition of "state" in the will continue to be, bound by amendment legislation to Hong Kong laws. They do make it crystal clear to all not enjoy any rights or privi-leges above those available concerned that they have to to any local or foreign comcomply with Hong Kong law in the same way as their mercial firms or investors to Hong Kong. They must comcompetitors in the market. ply with the Hong Kong laws relating to banking, finance, secretary for justice company law, insurance,

import and export regulations, arbitration, contracts Dept of Justice and other relevant areas. 4/F, High Block, The level playing field Queensway Governmen remains an over-riding principle and practice governing all commercial Hong Kong

large part in setting the standards for these?

As for recruitment and recognition, all we ask for is a level playing field, which is not what we have at present. We still prefer voluntarism, but it is the growing disinclination of many esis that they can replace employers to apply that precept that now makes a legal framework necessary.

It is the trade unions that are leading the debate on the multi-stakeholder accountability of business. Other stakeholders should have

trade union organisation ment is no longer central to rights as well as sharehold-remains the best correlate their daily lives? Or that ers. The limited liability trade unions do not play a company itself is a legal artifact in a way trade unions are not. Of course other nongovernmental organisations can help act as a countervailing force to the multinational corporations - and we increasingly co-operate with them - but the hypothtrade unions in this respect

> John Monks. general secretary, TUC. Congress House, Great Russell Street

is considerably overstated.

# Bringing the laws into line | We should welcome any idea to keep our cities moving

From Mr Richard Delahoy. Sir, Clearly Roger Parry, chief executive of More group, does not rely on bus services, judging by his dismissive comments about bus pagers ("Decaux offers unusual takeover incentive". April 16). Decaux's novel idea to provide pagers to tell you when the bus is due must be welcomed as a way to improve the reliability and attractiveness of bus

GETY OUT We need all kinds of innovative ideas if we are to achieve the modal shift that will be required to keep our cities and towns moving.

plays, such as London Transport's Countdown system, do not go far enough.

Rather than pagers, however, I was most impressed by the system working on a recent visit to Toronto. Simply phone a dedicated telephone line, key in the code number of the local bus stop, and a recorded message tells you when the next buses are due. The UK could do well to copy this simple idea.

Richard Delahoy, 272 Shoebury Road, Southend on Sea, Essex SS1 3TT, UK

# Nuclear waste an R&D issue

From Dr. Kirsten

Sir, The main problem for the nuclear countries appears to be that they still have no solution to the disposal of waste. So far there s no evidence that the issue of nuclear safety is being addressed with any intellectual consistency. This is also reflected in the dramatic decrease in spending on

nuclear research and devel-

nomic Affairs governments over the past decade. Without sufficient R&D, the problem of externalities such as waste disposal will never be adequately solved.

Kirsten Bindemann research fellow, Oxford Institute for Energy Studies. 57 Woodstock Road Orderd OX2 6FA, UK

Number One Southwark Bridge, London SE1 9HL

We are learn to encourage letters from readers worldwide. Latters may be fixed to +44 171-673 5638 (set fix to 'fins'), o.moż Riccom Published laters are also available on the FT web sits, http://www.FT.com Translation may be available for sites in the main insurestional languages. Fax 0171 873 5036, Letters should be typed and not hand written.

## **ECONOMICS NOTEBOOK PETER NORMAN**

# Germany's fault lines

ate April is traditionally a time of optimism about the German economy. The post-winter fall in unomployment yields favourable headlines in a country that remains stubbornly resistant to the use of seasonally adjusted economic data. The Hanover industrial trade fair, which closed at the weekend, can usually be expected to generate heartwarming news of export achievement Thanks partly to unusu-

been nothing this spring to dent expectations of respectable 2.5 per cent to 3 per cent. growth this year. But Germany cannot look forward to a classic, jobcreating economic upturn.

ally mild weather, there has

The economy presents a picture of contrasts and is riven Exports flourish while

domestic demand stagnates. Manufacturing industry prospers as retail sales conremains in recession. The official unemployment count, in spite of falling 200,000 from its January peak, was still 4.62m last month - 12.1 per cent of the labour force. The government talks of a change for the better in west Germany, but admits no sign of improvement in the former

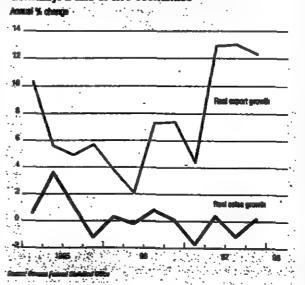
In spite of Asia's financial crisis, there is no sign yet of an end to the export boom Helped by the D-Mark's depreciation over the past two years, the nation's visible trade surplus jumped nearly a quarter to a postunification record of

DM122hn (\$67bn) last year. The surplus in the first two months of this year advanced to DM17.7bm from DM12.9bn in the same period of 1997. And while imports DM183.2bn, exports advanced by an even more impressive 14.1 per cent to DM150.9bm.

Export-oriented industrial

The electrical and electronic industries expect to increase employment by up to 30,000. The engineering sector has forecast 20,000 new jobs. The motor industry, having expanded employment for some months, needs a fur-

Recovery will continue but it will be a joyless affair with bad news offsetting good Germany: a tale of two economies



But offsetting this good news are warnings that the building industry could shed a further 70,000 to 100,000 of its 1.2m labour force. The retail trade expects modest job losses after a 30,000 labour force decline last

The private and public sector banks have embarked on a wide-ranging consolidation that, according to a possibly conservative estimate from

booked 12 per cent more orders last year and increased output by almost 9 per cent. the Dag white collar work- lor, sees Germany's low ers' union, could cost 200,000 annual inflation rate of

Helmut Kohl, the chancel-

growth in the east slowed in

1996 and last year lagged

behind that in the west for

But there are bright spots

even in east Germany. The

region's manufacturing

industry, though a relatively

small part of the economy,

the first time since 1991.

Chancellor Helmut Kohl's coalition is paying dearly for starting late down the path of reform to a more.

market-oriented economy

eight years.

The problems of the new increased by 11.6 per cent to Länder are grave. In March, as much a reflection of the seasonally adjusted unemployment was 18.3 per cent ment and the failure, so far, in east Germany, twice the of surging exports to trigger western level. While the a broadly based economic western unemployment total THEOVERY. sectors are creating jobs. of 3.07m was 36,000 below This failure has begun to that of March 1997, the 1.55m rattle the chancellor. Coneastern German jobless figure had increased by 182,000

from the year before. The period of rapid econamic catch-up in the east per cent for four years, more people.

jobs during the next five to about 1.8 per cent as evidence of successful economic management. It is, however, country's high unemploy-

scious of his poor position in the opinion polls ahead of September's general election, he complained last week that employers should has ended. After growing at be showing greater "social an average annual rate of 8 responsibility" and hiring

Unfortunately for Mr Kohl, German business has become increasingly hardnosed in the face of tougher international competition and ahead of the introduction of the single currency next January. His coalition is paying dearly for starting late down the path of reform to a more market-oriented economy. The latest figures show that public spending and transfers accounted for a high 48.8 per cent of gross domestic product last year while nearly half gross earnings from employment went to pay taxes and social security costs.

In the long term, Germany is bound to benefit from the corporate restructuring that has so far boosted share prices, swelled export figures and dole queues. There are already some impressive results. Productivity as measured by GDP per employee advanced 3.7 per cent last year against 2.7 per cent in 1996 and 2.2 per cent in 1995. Average unit labour costs fell 1.8 per cent last year, the sharpest such fall since uni-

fication in 1990. The downside, as revealed by the GDP statistics, is that gross income from employment increased by just 0.2 per cent last year and actually fell in the second half of 1997. After tax and social security deductions, the average wage earner suffered a 0.4 per cent decline in monthly net earnings to DM2,700 last year, according to a report last week from the IW economic research institute of Cologne, With adjustment for inflation, the decline in monthly incomes was nearer 2 per cent.

Wage settlements so far this year have been running at about 1.5 per cent. But consumers will suffer from this month's increase in value added tax to 18 per cent from 15 per cent.

Germany's recovery will therefore continue this year but it will be a joyless affair, threatening Mr Kohl with a fate similar to that of his friend, George Bush, who lost the US presidential election of 1992. Like Mr Bush. Mr Kohl is standing for reelection with impressive foreign policy achievements to his credit. But the economic "feelgood factor" is missing and it is difficult to see where it can come from.





Most Read. Best Read. Worldwide.

BusinessWeek

www.businessweek.com

AOL: Keyword: BW © 1998, by The McGraw-Hill Companies.

4 10 - 14 ±

are 🖈 1 44 PM \*\*\* **\*\*\*** 

FINANCIAL TIMES

major investors by to use muscle belied the

# rkers' champions

I HARA ARADAN AREA

3 EDITOR

is have also proved

was the rain of a contract file setting of

 $\widetilde{H}(\widetilde{L}) = \operatorname{con}_{\widetilde{H}} = \operatorname{con}_{\widetilde{H}} (\widetilde{L}) = \operatorname{con}_{\widetilde{H}}$ 

Adjusted to the second of the

at the fact of the following

A WE CHANGE OF THE

we have so we had been

employed at the second

ent was yet a serv

Marchine Transplace

Links of the State of the

are the authorized

Line tile statem t

BELLE NORMAN

March 1989 Free

A. 医电槽 计自由系统

---

pagathage engages in the

y Milliand a read

has been a some and

कुछ हो जारा आहे. जाता राज

\$20 may 5 1 1 1 1

52 To 15 -- 10 10

ault lines

Paris South

per most in application of the

Participated about 17 to 18 of 18 of 18

var waste an R&D issue

Approved a community of the

A THE PARTY .

Mile protes a part

Water benedictive very trans-

with hours of the second of the second of the

should welcome any idea

sep our cities moving

But the second of the second o

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Monday April 27 1998

# Southern side to Irish peace

The fate of the Good Friday peace backing a No vote in the south decided in Northern Ireland. But in the north. it affects southern Ireland too, and its chances of success will be influenced by the way the south

same day and the same issue as his own cause by scheduling a the north, but not in the same second and entirely separate refform. The agreement requires the south to amend articles 2 and 3 of its constitution, withdrawing the claim to sovereignty over the whole island, which those

That does not seem to be asking much. The Republic has never attempted to exercise sovereignty in the north in practice. Most southern voters view the north's troubles with the same distaste - and almost the same incomprehension - as their counterparts in Britain.

The main southern political parties are strongly in favour of the agreement. And yet a repute- and an equal share of taxpayers' ble opinion poll, taken soon after the agreement was reached, therefore, that Mr Abern and showed only 61 per cent of southern voters favouring it.

Many southern voters have folunity in their own ranks, by able to place in it.

agreement will ultimately be while supporting the agreement

minister, has rightly warned they should not expect to get away The south will vote on the tion. But he may not have helped ties, for the same day.

This fuels suspicions that Mr Ahern is attempting to smuggle articles in their present form Amsterdam past voters without a proper debate on, for instance, its possible implications for the future of Irish neutrality - allegedly at the behest of the European Commission, which hopes a strong Irish Yes - will influence the much more doubtful result in

As a result of recent court deci-

stons, the No campaigns in both referenda in the south on May 22 will be entitled to equal air time, money. All the more important. other party leaders exert thamselves to explain the vital role the Republic has to play in securlowed the peace process only dis- ing peace in the north. The tantly. They do not see why clearer the south's verdict in peace in the north requires them favour of peace, the harder it will to change their constitution. The be for Nationalists in the north Sinn Fein leaders have shown or south to challenge it in future, signs of hoping to exploit this and therefore the greater the conmood, and perhaps to preserve fidence that Unionists will be

# Kosovo vote

sure on one man, the notorious Serb republic. Balkan recidivist Slobodan Milosevic. But the latter has been able to duck behind the Serb people by getting them in last Thursday's referendum to endorse his refusal to allow foreign mediashort-term tactice by Mr Milosevic is lousy long-term strategy for the Serbs, who are likely to pay an increasing price for following their leader.

erendum's immediate pretext. Since the latest violence erupted in March, no talks have taken place. Leaders of Kosovo's ethnic Albanian majority have refused to meet Serb republic representatives because to do so would endorse their subordination to that republic, and have demanded to treat instead with the Yugoslav federation and with foreign mediators present. A third-party broker is reasonable, given the mistrust between the two sides and their gross disparity in power. It is also something for which, if guerrilla activity were to become war, Sarbia

might itself one day beg. But the real issue of the referendum was Serbs hanging on to Rosovo and Mr Milosevic hanging on to Serbia. By whipping up step in and deploy Serb nationalism, Mr Milosevic ground in Albania.

succeeded in its top priority preventing Kosovo setting other Albanian communities around its borders alight, United Nations peacekeepers are to stay in sending a few technical teams to Albania to belo it secure its borders, though that did not stoo last week's incursion into Kosovo of some 200 guerrilles. But the Foreign mediation was the ref- fire inside Kosovo remains unquenched.

The six-nation Contact Group meets this Wednesday, this time at official level because US and European ministers are growing weary and wary of Kosovo. The talk will be of sticks, maybe a freeze on Belgrade's financial assets, and of carrots, like the reversibility of sanctions. The most effective mix would see Serbia itself gradually outstripped by its neighbours, even its brethren in Bosnia, while it stews in the isolation of sanctions.

game is that while the Contact Group can preach patience, it cannot force it upon the Kosovo Albanians. Last week's border clashes showed that. To stabilise the frontier. Nato may have to step in and deploy troops on the

The answers, in a no-holds

Bertie Abern, the Irish prime with such self-serving equivocasecond and entirely separate referendum, on the Amsterdam treaty on closer European Union

In seeking a political settlement, hopes to cow those inside Serbia of the crisis in Serbia's Kosovo who do not want to fight for Kosprovince, the international com- ovo, as well as liberals in power munity has tried to focus pres- in Montenegro and the Bosnian

The outside world has partially

The problem with this long

# Shares in the action

An FT survey asks what part leading shareholders play in the running of companies and what top directors think of their investors. Jane Martinson reports

What finance directors think of their shareholders

ow do shareholders actually affect the running of UK busithe directors of the UK's 100 biggest companies really think of the institutional investors who own their assets?

barred survey carried out by the FT, make salutary reading for those who see the Anglo-Saxon model of share ownership as the brave new world order.

Under this vision, wellinformed shareholders take an active role in improving company performance; they keep executives on their toes by asking awkward questions about strategy; they punish mistakes by disinvesting; and they reward good performance by bidding up the share price, making it easier or cheaper for companies to raise more money.

The reality, as seen through the eyes of the company directors involved, is a little more prosaic. While there is widespread evidence that fund managers are demanding more interviews, the usefulness of meetings is often questioned by finance directors called to them. Many of the 74 finance directors interviewed for the survey resented the time who are moved on before gaining adequate knowledge.

Several directors were also irked by fund managers who ask for more and more attention. When they want a meeting they want it now, which is very frustrating when you are trying to run a business," said one.

[institutional investors] believe that they own the business," said one director. "But they are traders in financial instruments." That comment ignores the most basic tenet of the Anglo-Saxon view of capitalism: shareholders do own the business. A more common criticism of

shareholders is that they rarely add anything that the companies perceive to be of value. Almost half of those surveyed felt that their main shareholders "rarely or never" offered any useful comments about their business.

A surprising number of directors expressed the view that tors felt their biggest shareholdshareholders were too docile a ers were in it for the long term. breed in general. "We often won- This provides an important cortolerate inadequate performance in other companies." said one director. "They could often be jects for the sake of quick tougher. We sometimes wish shareholders would be tougher." It is often said that the increas-

ing globalisation of investment habits makes for a tougher environment for companies. But one notable feature of the survey was the dominance of a handful of IIK fund management companies. When asked to single out companies for praise or criticism, more directors mentioned Mercury, the Prudential and Schroder - the three largest UK managers than any other. They were particularly praised for their understanding of the business.

The popularity of these managers possibly relates to their size. Citywatch, the market research company, estimates that the top five fund managers own 26 per cent of the FTSK 100, while the top 10 have 86 per cent, a far greater concentration than is found in the US market. In these circumstances, few fund manag-

Some of the comments will leave their unidentified speakers open to charges of thinking like shareholders whether the invest-corporate dinosaurs. "Some ment is liked or not.

FTSE 100 company altogether director funed: "I don't think the shareholder for funed: "I don't think the will inevitably move more to a that it will be forced to vote if it of thinking its shareholders whether the invest-corporate dinosaurs. "Some ment is liked or not.

Great funed: "I don't think the shareholder in think the shareholder saying I am useless. They should be prepared to stand that's not a bad does not improve its record. Companies claimed they also received little feedback about Such concentration also makes

it easy to see why directors are prepared to spend the time on one-to-one meetings with their largest managers while they can resent the behaviour of the smaller shareholders who 'lack understanding". The concentration of owner-

ship could also help explain one the survey: company directors disagree with the widely held view among corporate governance groups and government officials that shareholders are short-termist. Almost all direcdamages companies by forcing them to abandon long-term pro returns.

The survey also cast doubt on the claim often put forward by fund managers that they work behind the scenes to deal with issues of corporate governance. Perhaps surprisingly, almost all of the directors interviewed - 92 per cent - said that shareholders rarely or never tried to use their muscle to make changes behind

Of course directors and executives do not necessarily give an impartial account of the role of shareholders. So, while a fifth of all directors admitted to having had a serious disagreement with their leading shareholders over the past five years, this may understate the situation.

Whatever the facts on behindthe-scenes behaviour, some directors were irritated by off-therecord briefings to journalists by fund managers. Investors claim to use these briefings when all ers can afford to move out of a other avenues are closed. One improving as a result. "The UK management industry on notice

up and be counted."

The behaviour of UK investors contrasts sharply with that of their rivals across the Atlantic. "US investors are more con-

cerned to understand the business and want to meet people who run the individual divisions," said one finance director. "They are less satisfied with the of the most surprising results of odd that with the chief executive and finance director." US managers - notably Capital

International and Fidelity, which have both roughly doubled their UK equity exposure in the past working harder on meetings and ship with their investors.

A surprising number of directors said that shareholders were too docile a breed in general. 'We often wonder why institutional investors tolerate inadequate performance In other companies,' said one director

employing more in-house ans-

However, there was evidence of some unessa with the increasing familiarity. "The US managers look for more intimate relationships. They try to understand what it's like to be you. This is not bad, but you have to learn to handle it. It can be stressful. said one director.

Some directors were more seriously uncomfortable about particularly probing questions. "The Americans will try to get pricesensitive information out of you and they get annoyed if they don't secure it." said one.

that UK fund management was becoming more Americanised and that communication was

European investors were rarely mentioned and, when they were, comments were negative.

How often do your

MARIN.

The influence of US investors. who are conservatively estimated to have a 10 per cent stake in the UK market, appears to have had a far greater impact than the first two corporate governance reports produced by top-level committees of City professionals and industrialists.

Some 81 per cent of directors said that the Cadbury and Greenbury codes on corporate governance produced since 1993 had five years - won plaudits for had no effect on their relation-

However, several directors felt

One director was moved to say: "I am surprised at the lack of interest in Cadbury and Greenbury among major shareholders. it's never discussed at meetings with them. I would welcome greater involvement on the additional reporting requirements."

Fund managers did not come out well on the issue of voting on company issues, for example at annual meetings. Institutional investors often claim that they vote on virtually every issue. Yet just 3 per cent of directors believed their shareholders voted every time, while another 47 per cent believed they voted on "most occasions".

These figures are likely to add grist to the mill of the UK government, which has put the fund

how those votes were cast, with 49 per cent saying that shareholders only occasionally explained their decisions. In spite of the problems, the

relationship between the UK's largest companies and their principal shareholders does appear to have improved. Factors may include increased political and public interest in corporate governance or greater competition.

Some 68 per cent of companies said they were happy with their relationship, while 23 per cent said they were very happy and 9 per cent said they were satisfied. Desultory questioning of execu-

tives, for example over strawberries in the corporate hospitality to have been replaced with far greater analysis, often to the discomfort of the companies concerned. "They are more professional and better researched than five years ago," admitted one

Few of those involved, whether finance directors or shareholders. believe that the trend towards greater involvement and communication between the two sides is going to end. This is partly because of increased US investment and partly because of the threat of government intervention. "Investors are much more sensitive to their responsibilities than in the nast because they are looked on as the guardians of the corporate conscience," said one director. "And that's much better than the government doing it."

the FTSE 100 index, was conducted by FT journalists with finance directors and, in a few cases, with other relevant senior executives. There was a 74 per cent response rate.

The poll, comprising companies in

# UK productivity

Next month, Gordon Brown will set against the high profitability invite industrialists to discuss how Britain could raise its game in the industrial world. The UK chancellor believes that there is a "productivity gap" of between 20 per cent and 30 per cent with France and Germany and of 40 per cent with the US. He told businessmen last week that together they had to close it. This raises two questions: first,

is the gap as serious as he suggests? Second, what, if anything can a government do about it? The first question is a notoriously slippery one. For example, a simple comparison of capital stock per worker, set out in the Treasury's last Budget report.

means little without further information, such as the cost of capital and the price of labour. Non-residential capital stock per Worker may be 50 per cent higher in France than in the UK. But that could be because the French wasted lots of money building unnecessary nuclear power staions and uncompetitive state industries.

Nor do the comparisons of output per worker, set out in the Treasury's pre-Budget report last Year, tell a much clearer story. These showed France to be 30 per Cent ahead of Britain. Fine, as far as it goes, but France has a large and persistent unemployment Problem, while the UK has been reducing the numbers out of

Work since 1993. Any such measures of a supposed productivity gap must be big share of the profits.

of UK companies and a booming stock market - despite the strong squeeze which has been applied by the appreciation of sterling. As Mr Brown said, a quarter of Britain's national output is open to world trade, and 60 per cent of exports compete in continental Europe, where productivity is supposedly higher. So quite a lot of British industry is doing the right thing.

Of course, a continued currency squeeze may show up weaknesses; but there is good evidence that in the 1980s UK companies greatly improved their performance. Among the seven largest industrial nations, the UK's gross domestic product per head was the slowest growing in the 1970s, but among the fastest in the next decade. Recently, it has slowed down, but that may partly reflect a rapid fall in

No doubt there is plenty of room for improvement, but Mr Brown should be cautious. Government interference has in the past done more harm than good. As he rightly says, the government's best contribution is to set a stable monetary and fiscal background. If that results in a strong pound, industry will be spurred to improve efficiency. A Labour government may still

need to be reminded that businessmen are more likely to take risks to meet this challenge if they know that they can keep a

Neoh man for the job .

Anthony Nech, Hong Kong's surve top securities regulator, is beginning to look irreplaceable. With his three-year term uncomfortably close to explry, there is no glimpse of a successor A few number have been bendled

about, but they tend to fall off the shortlist almost as soon as they heave into view. Some have got other top jobs. Others appear to have decided that three years at the Securities and Futures Commission is a poisoned chalice: there must be easier ways of earning a living than trying to ke order in the Hong Kong stock and the Asian financial crists.

The government was reduced to extending its trawl overseas. though its foreign headhunting was less wholehearted than its search at home. Nech is the first local chairman of the SFC, which was set up in the aftermath of the 1987 global crash, which forced the closure for a time of the Hong Kono market.

Nech's two predecessors were Australian and British, but especially with China rather than the colonial masters running the show - bringing in another foreigner would have been seen a a step backwards. So the government must be relieved that Nech has agreed to

stay until a suitable candidate can be found. Financial secretary Donald Tsang loyally attributes the delay to Neoh's irreplaceable qualities and the fact that "we are demanding quality, which is hard to come by". Tsang should know. Only last

**OBSERVER** 

week he was appointed to head up a taskforce to explore ways of civing another growing problem in Hong Kong; unemployment.

New wrinkle Ageism has finally arrived in the

Socialist Republic of Vietnam,

despite the country's strong

Confucian traditions, and a language which incorporates respect for one's elders into one's phoice of personal pronoun. The office of prime minister Phan Van Khai has decreed that from now all new appointees to the rank of deputy minister or equivalent should be no more than 55, and reiterated that the retirement age for men in government service is 60 - it's 55 for women. It's not clear what implications this

might have for the premier himself - he is a sprightly 64 - or for some of his colleagues on the Politburo. President Tran Duc Luong is 61, while Communist party general secretary Le Kha Phleu is a grandfatherty 66. The three already represent a new generation of Vietnamese leaders. having taken over last year from premier Vo Van Kiet (then 74), President Le Duc Anh (77) and general secretary Do Muoi (80) help it out by offering to extend his. Those womed about the abilities of the elderly might remember that Ho Chi Minh, the founder of the nation, was 79 when he died in

Birthday party The World Trade Organisation is

keen to get a good turnout of world leaders for calabrations next month of the 50th anniversary of the multilateral trading system. It even shifted the date of the formal commemoration forward a day to May 19 to assist various big cheeses who are involved in some intensive summitry in the UK – the annual Group of Seven bash in Birmingham and a separate US-EU summit in London. So far only Swiss president Flavio Cotti and Singapore's prime

minister Goh Chok Tong have definitely sald they are coming, and a dozen or so others are expected, including Tony Blair, Britain's prime minister and current holder of the rotating European presidency, Japan's Ryutaro Hashimoto and Canada's Jean Chrétien. Others considering attending

include Presidents Fernando Enrique Cardoso of Brazil, Carlos Menem of Argentina and Nelson Mandela of South Africa. The prize draw is obviously US president Bill Clinton who, according to Rita Hayes, US WTO embassador, "has expressed the desire to come to Geneva". Though scheduling problems are officially said to be the main obstacle, US officials have been dropping heavy hints that prior

agreement on a US proposal to make internet trade duty-free would be a useful incentive. The non-appearance of Clinton would be a disappointment for the WTO but not a disaster. At the start of the process, confesses one

WTO official, "our nightmare was that we would get Castro and Kabila and no one else". **Gently Bentley** Conspicuously absent from the

gathering of 1,000 well-heeled owners and enthusiasts at France's legendary Le Mans race track yesterday for the launch of Bentley's new Amage saloon were Bernd Pischetsrieder and Ferdinand Piech, the two German motor industry executives who'd love to get their hands on the luxury brand by capturing Rolls-Royce, which owns it. While some enthusiasts chose simply to indulge themselves in a Bentley love-in, admiring extensive displays of the famous marque's history and its links with the 24-hour endurance race, others were bold enough to take the wheel of the company's blisteringly

of the circuits most challenging bends. The new car's V8 engine - capped by twin turbochargers - comes from Pischetsrieder's BMW, which Observer reckons remains the ikely victor of the takeover battle for Britain's most famous luxury car group, in spite of Piech's determination to see Volkswager cross the line first.

fast new Amage - named after one

Ginancial Times

100 years ago The Shewa Of War

How to provide the sinews of war is the question at the moment occupying the attention of the Spanish and American governments. A naval war in these days is about the most expensive amusement in which any nation can include, and the picking up of trifles in the shape of stray merchantmen here and there does little to lighten the burthen. The necessity of providing funds naturally presses much harder on Spain then on the United States, but even the latter country finds itself obliged to resort to rather drastic measures whereby to raise the needful. The War Revenue Bill prepared by the Ways and Means Committee of the House of Representatives contemplates the raising of additional revenues to the extent of ninety or a hundred million

50 years ago USA By Constellation Speedbird

Advertisement: "From London Airport to New York in 20 hours. Six flights weekly: 3 via Shannon, 3 via Glasgow. Fare £156 7 shillings return. Your local B.O.A.C. appointed agent makes to charge for expert advice, detailed information or booking. British Overseas Airways Corporation."

s coalition in is time down **CHOMY** the test to be the Fig. 19 Contraction of the Particular MARKE TO M. SOMETH

By Whatever A Ca of the federal in THE PROPERTY OF PERSONS section's that begins and the part parties of mile path went ... per a datement again tent weeple to the state of White Branch ber a govern

AS OF MAY 27:

MONDAY APRIL 27 1998

#### THE LEX COLUMN

# Smith's paper chase

There is never a good time to be middling-sized company in a depressed sector, facing a strong sterling. But for David S. Smith, the timing could not be worse. Its shares have underperformed the market by some 45 per cent over the year. And along comes a once-in-a-cycle opportunity to jump right up the league of European paper groups via the acquisi-tion of KNP's corrugated cardboard mak-

The logic of the deal is compelling. Size would bring economies of scale and plug gaps in Smith's European coverage. The rub is the price: an estimated £875m (\$1.48bn) versus Smith's market capitalisatton of £670m.

With interest cover expected to be seven times for the financial year just ended, Smith's balance sheet is strong. Loading up with an extra £300m of debt could bring interest cover down to around three times, without recourse to the cash flows and profits of the KNP business. Throw those in, and the debt burden could rise, possibly up to an extra 2500m. Not impos-

No wonder other ideas are circulating. Venture capital groups can afford to bid more. Why not marry industrial logic with financial engineering and put in a combined bid? The idea sounds attractive, but looks unworkable.

The special purpose vehicle would have to stay separate from Smith, to allow the equity partner to keep tabs on its investment. But this would lose the synergies that first justified the deal. Also, how to ensure an exit for the equity partner bene- fears are mitigated. ficial to both? If Smith's numbers for this deal do not stack up with boring old equity and plain vanilla debt, they probe-

#### Saab/BAe

The debate over European defence consolidation is warming up nicely. Hard on the heels of the alliance between GKN and Agusta, we have the prospect of British It has not taken their rivals long to Aerospace taking a strategic stake in Swedish military aircraft manufacturer marketing arrangement, but willingness to pay for an equity stake of up to 35 per cent would clearly represent a qualitative leap forward in the relationship.

tem Europe will stay fine and

least is access to Saah's space and weapons prowess. Arguably more important, though, is the strategic angle: it will increase BAe's punching power in the shake-out to create a single European

aicraft manufacturer. And it may not stop there, as BAe/Saab would be a more attractive pariner for Europe's other defence minnows such as CASA and Alenia. This would certainly provide food for thought for BAe's German and French counterparts, DASA and Dassault. The snag is that the Swedish government will almost certainly not allow BAe a control position, making any deal potentially less attractive. But with the savvy Percy Barnevik now holding the rains at Investor, Saab's parent, these

#### US airtines

bly will not stack up any other way America's big airlines have invented a new version of musical chairs; six of them, six chairs, no one gets left out. January's code-charing alliance between Northwest and Continental looked set to give the fourth and fifth largest carriers added clout in a maturing domestic mar-

respond. American Airlines, the number two, is merging its frequent flyer pro-Saab. The two companies already share a gramme with sixth-placed US Airways. And top-ranked United Airlines is trying to link with Delta, the third biggest. On its own, the Northwest/Continental deal might have squeaked by the regula-

tors, in spite of concern over rising fares and diminishing competition. But confronted with three deals, they must be tempted to veto the lot.

Even if they do not, the fact that all six are beefing up together makes worthwhile shifts in market share highly unlikely - a typical zero sum game. Most disappointingly, none of these alliances involves cost reductions. Indeed, profitability might suffer if the airlines have to bribe their unions into agreement - the Delta United negotiations have already hit a snag because of opposition from pilots. Shareholders need not despair, however Despite the lack of short-term henefits, they should regard these marketing pacts as the first step to full mergers, which would produce huge value through cost savings. Historically, airlines have proved to be touchy bedfellows. But the industry's powerful economies of scale will tually force further consolidation.

#### Palladium

The Palladium show is becoming compulsive viewing. The precious metal hit a record \$390 a troy ounce last week, the highest it has ever been, and more than three times its value at the start of 1997. The squeeze has come about because Rus sian producers, accounting for 60 per cent of production, are having trouble getting hold of export licences for the second year running. Trading in the metal has ground to a halt, and it will probably take physical deliveries to introduce some liquidity in the market.

Given that palladium is a \$3bn-a-year market (compared with \$500 for allver and \$350n for gold), does any of this matter? The short answer is yes. The automotive industry, which uses the metal in catalytic converters, and electronics companies, which use it in chips, have stockpiled enough pelladium to avoid disrupting production for now.

But they can argue with justification that they should not have to take on this kind of risk for a third year in a row. Some substitution (to platinum for ear manufac turers, and nickel for chip producers) may be possible. But it could be technically tricky.

At some point, consumers may well feel the hit. Either that, or standards on car emissions will have to be softened.

nomer since July 1996.

# Opec ready to cut crude oil output to boost prices

Energy ministers hint at reducing supplies as revenues stay low

Opec hinted yesterday that it was ready to cut crude oil output in an attempt to underpin sagging international prices.

Energy ministers of three Gulf states said the next scheduled meet-ing of the Organisation of Petroleum Exporting Countries - in Vienna on June 24 - must address the issue of

Obeid bin Saif al-Nasseri, Opec's president and petroleum minister of UAR said: "If the oil price stays where it is now there will be a lot of talk about further cuts and we don't rule out any possibility."

The size of the potential cut was not determined but would be on a "pro-rata basis", meaning Opec states and those producers outside the group ready to trim supplies would implement the same percent-

1.245m barrels a day until the end of this year. The meeting coincided with the price of Brent crude on the International Petroleum Exchange dropping to \$12.77 a barrel, a nine-

The deal was seen as particularly important as it also involved non-Opec members, such as Norway and Mexico, agreeing to cut production. The oil markets responded by briefly pushing Brent back up to \$15.82 a barrel, but it has since retreated as analysis and industry

considerable global supply overhang. While in 1997 Brent averaged \$19.30 a barrel, on Friday it closed on London's International Petroleum Exchange at \$13.90 a barrel. It has scarcely threatened to break the \$15

specialists consider there is still a

a barrel mark since February.

Backing up the UAE minister Opec staged an emergency meet parts in Ruwait and Qatar. Abdullahing in Riyadh on March 22 where it bin Hamad al-Attiyah, Qatar's oil

agreed to reduce production by minister, said: "I support every effort to protect the oil price, even if it is a cut, and whatever the cut may be I will support it." Such strong hints of further cuts,

coming from leading Opec figures, were seen yesterday by one analyst as testing the ground rather than a clear indication it would happen, although he added: "It has to happen. At these prices, many Opec members' economies are beginning to hurt badly."

The budget for the current fiscal year for Kuwait, which controls almost 10 per cent of the world's proven oil reserves, projected oil revenues of \$13 a barrel, yet Kuwaiti crude prices have been languishing at about \$10.50 for some mouths.

Sheikh Saud Nasser al-Sabah Kuwait's oil minister, said yesterday that if prices failed to recover the country could face . "economic catastrophe" and a national deficit in the next fiscal year equivalent to

# KNP studies bids of \$1.48bn for corrugated board division

Deal could begin restructuring of packaging sector in Europe

urers are competing to buy the cor-rugated cardboard operations of KNP of the Netherlands in a deal that would result in a restructuring

of the industry on the Continent.

David S. Smith of the UK and Metal Seria of Finland have bid for the business, the third-biggest maker of corrusated board in Europe, prod-

ucing 1.4hn sq m a year.
The two bids are understood to have been in the region of Fl3bm (\$1.48bn) and another offer from an un-named investor group is believed to have been made. KNP's purkuging division made operating profits in 1907 of some F1 150m.

KNP said in February that it plans to focus on its distribution business in graphic paper, office

A preferred bidder could be announced next week. KNP has said the business would be demerged and brought to the stock market if it did

not receive adequate offers. Smith's involvement in the auction has attracted attention because the UK group is capitalised at just 2660m (\$1.1bn), considerably less than the expected offer price.

Analysts say a deal makes strategic sense for Smith, the sixth-biggest European producer of corrugated cardboard at 900,000 sq m a year. If Smith won the auction, it would jump to third place behind SCA of Sweden (2.65bn sq m) and Jefferson Smurfit, the Irish group (2.6bn sq m).

However, they are concerned about how the deal would be financed. Smith is thought to have suggested buying in tandem with a

Such a deal would not work, anslysts say, because it would prevent Smith integrating the KNP business

savings of up to £30m.

Another option would be for Smith to reduce its cash outlay by offering KNP its Spicers distribution business - said to be worth up to £300m - as part payment. Although this ostensibly would help KNP, the Dutch group is said to be holding out for a cash deal.

WHEN THE WEEK

The deal would also prove a big leap for Metsä Serla, which is capitalised at about FM7.8bn. Although it is Finland's third-biggest forestry concern, it is relatively weak in corrugated board with annual production of 120m sq m.

Analysts believe Mctsä could extract fewer synergy benefits then Smith, and would not be able to bring about the consolidation needed in Europe's competitive industry,

Prices of fluting and liner, the venture capital group, which it main ingredients for corrugated board, have risen but end-product prices have failed to rise in step, in spite of volume growth.

## CONTENTS

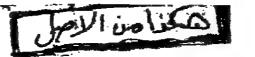
# FT.com American News Agia-Pacific Nave European News Editorial World Trade New Leiters Directory of online services Crossword Puzzie. via FT Electronic Publishing ing of arrays or interim records and unts of 1206 UK pics

# FT WEATHER GUIDE

Europe today Denmark, southern Sweden and southern Finland will be cloudy, with rain pushing north-east into southern Norway. The Low m Alps and eastern France will have showers, thundery at times. Western France will have surmy spells and showers. Easte Greece will be warm with hazy sunshine, but the rest of Italy and Cyprus will have showers. The sunny spells, but Portugal and northern Spain will be showery. Five-day forecast Central and western Europe will have showers and longer spells of rain. The eastern Mediterra with thurdery rain reaching Greece on Wednesday and Thursday.

Frankfurt. Your hub to the heart of Europe Lufthansa

An independent name and an independent approach Hawkpoint Partners is the new name of NatWest Markets Corporate Advisory Hawkpoint Parmers offers an independent approach to corporate finance in an investment banking world which is consolidating rapidly. We are an experienced team with a successful record committed to delivering results for our clients. Hawkpoint Partners Limited 4 Great St Helens London EC3A 6HA Tal: 0171 665 4500 Fax: 0171 665 4600 E House Clarence Street Manchester M2 4DW Tel: 0161 838 4800 Fax: 0161 839 2593



AS OF MAY 27: SE A WEEK ZURICH-SAN FRANCISCO NONSTOP"

# cut crude oost prices

ANTECO E TO LO

الموقدة ليؤدي भन्द्र थे ... St. Kautin gro and end of Maria Maria India grandfastra ins elemental of the San San Control المتحديد ووطأ والأ April - Million . . . 医骶骨骨骨骨骨骨骨上 医水子 are allegerations to  $\Psi : \stackrel{\mathrm{def}}{\longrightarrow} \operatorname{dist}_{\mathcal{C}} \operatorname{dist}_{\mathcal{C}} \operatorname{dist}_{\mathcal{C}} = \{1, \dots, n\}$ 

अस्त्र भाग है। MERCHANICAL STREET 付きのな事でき A PARTY OF THE PAR Manager Section 1995 Control المرازية (1965) المطال s of \$1.48bn

oard division 美國 陈钦遵明的 化二氯 3. 1637 Sec. 34

on Park to

 $s_{i} + \epsilon_{i} x_{i} = (1, 2, \ldots, 2, 2, \ldots)$ name and an approach

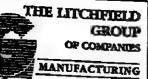
Partners (養)等4至年6、美華 apartic Advisory

Best Abritania · 偏型电源 医电线线 1886 · · · · manufia this car a cons

Adea of Table

**海南市 11 日本 美国的工作的** \*\*\* 1154 \$25 3550

the happy the a . To



WORLDWIDE NETHER HEAGE, DERBY. DES6 2[]. TEL: 01773 852311

**COMPANIES & MARKETS** 

**FINANCIAL TIMES** 

MONDAY APRIL 27 1998



# Chicago exchange in good shape

Futures exchanges are under pressure to cut costs and cope with a globalising financial services industry. But the Chicago Board Options Exchange celebrated its 25th birthday last week in conditions that look enviably benign. This is due mainly to the rise of Wall Street and the growth of equity-related wealth in the US. Page 25 RWE embraces one share, one vote



The ownership of RWE, the German industrial conglomerate, dominated by municipal shereholders with multi ple voting rights, is about to undergo a transformation, according to Clemens Borels (left), finance director. The Essen-based group, which has sales of DM72bn (\$40bn), has

restructured its shareholder base ending the municipalities' hegemony. This will lead to a set-up based on one share, one vote. Page 22

## EMERGING MARKETS

Politicians' deaths hit Bovespa Brazil's stock markets were groping for direction last week after the deaths of two of the country's most important political leaders in two days. Both were central figures in President Fernando Hen-rique Cardoso's cost-cutting reforms. Page 26 MONEY MARKETS

#### Traders cool on Emu



suggested US interest rates will rise. Page 31 MARKETS THIS WEEK

US markets lest week slowed down their frantic pace with the main equity indices slipping as the yield on Treasury bonds rose. Thursday could see the greatest movement on the bond market when aconomic statistics are released. Page 26 Frenkfurt

Markets will be concerned with who will head the European Central Bank, A further issue concerning investors is likely to be Volkswagen's fresh bid for Roll-Royce Motor Cars of the UK. Page 28

Equity markets are likely to come under pressure after last Friday's economic package. Any hint that the government might introduc cuts would be a plus for stocks. Page 26

Total trade figures for February and non-European Union trade numbers for March are expected tomorrow. The UK Purchasing Managers April index is expected on Friday. Page 26

## FT GUIDE TO THE WEEK

# - full listings Page 40

Jean Chretien, Canada's prime minister, today nakes the first visit by a Canadian government leader to communist-ruled Cubs since Pleme Trudeau went in 1976, Cuba says the visit underscores Ottawa's close ties with Havane. ALBRIGHT TO DISCUSS TRADE WITH JAPAN leine Albright, US secretary of state, arrives in Japan tomorrow as part of a week-long journey to Asian countries. She will discuss trade Imbelances and Japen's economic reforms. WHO'S IN AND WHO'S OUT OF EMU EU finance ministers meet on Friday to prepare fo & summit to decide the founder members of economic and monetary union, the conversion rate for euro currencles and appointments to the board of the European Central Bank.

COMPANIE	S IN THIS ISSI	
Anglis	20 Tinet	20
Agusta	18 KNP	14
American Airlines	18 Kirch	
Ann Group	3 Kim Ermany	16
BMW	19 Lion Nation	11
Bertalominent	2 Loreho	20
Blueblid Toys	20 Mattel	20
Bollden	2 Metal Safe	-11
British Aerospace	18 More Group	11
Continental Airlines	18 News Corp	20
Crédit Lyonnais	2 Nomura Capital	19
David S. Smith	18 Northwest Airlines	18
Decaux	19 RS Publishing	19
Delta	18 Rolls-Royce Motors	70
Februstock	19 Saab	18
Pairtex	20 US Airways	78
FirstGroup	20 United Airlines	18
GKM	10 Volume	19
Guinnass Peat Group	20 Volkswagen	19

MARKET STATISTICS

25 Stock markets at a glence

#### Plea as Volkswagen prepares to top BMW's offer burg as part of a weekend pre-sentation to the board. Bentley Arnage, its second new model in two months. most famous racing victories.

Graham Morris, chief xecutive of Rolls-Royce Motor Cars, yesterday called for a swift and transparent concluover the marque.

His plea came the day after arranged for a Rolls-Royce offer above £340m. Silver Seraph to be delivered to VW's headquarters in Wolfs- as Rolls-Royce launched the scene of some of Bentley's

By Simon Davies and Alice Rawsthorn

Rod Stewart, the 53-year-old

British rock singer, has ended

months of negotiations by

clinching a \$15.4m securitised

ican from Nomura Capital, the

Japanese banking group,

backed by revenues from his

The Stewart deal follows last

rear's ground-breaking Bowie

bond, under which David

Bowie raised \$55m against his

future royalties in an issue

arranged by Fahnestock, the

Ever since the heavily over-

subscribed Bowie bond, US

banks have been trying to per-

suade musicians and other

intellectual copyright holders

labels and film libraries - to

including authors, record

US investment bank.

music publishing estalogue.

Although Vickers, Rolls- Based on the Silver Seraph sion to the takeover battle Royce's parent, entered into unveiled in February, the and its future.

the supervisory board of better its German rival when Volkswagen, Europe's biggest the four-week exclusive negotiraise its offer for the company. and BMW ends this week. their company's future was Ferdinand Piech, chief exec- Vickers and BMW have still utive of VW, is thought now to not finalised the terms of any have authority to offer more agreement, but observers say pointed to 50 Arnages, worth than £400m (3664m). He BMW is unwilling to raise its £7m, laid on for almost 1,000 Mr Morris's comments came

wood movie studies to raise future earnings.

Record companies are now most stars, including Rod

considering similar transactions. V2, the new UK record labels, and the only security

Branson's Virgin Group, loans is their royalty income.

production finance from secur-

itised loans, and for biotech-

nology companies to use them

label launched by Richard

recently appointed Morgan

Stanley, the US investment

bank, to advise it on such

KMS, a US boutique invest-

ment bank, is structuring a

securitisation backed by the

contract and undersement yes-

finance.

Rod Stewart clinches

ROCK SINGER AGREES \$15.4M SECURITISED LOAN

exclusive sale talks with BMW £145,000 Arnage uses a turbo-late last month, VW hopes to charged V8 engine to offer

R-R Motors chief urges rapid deal

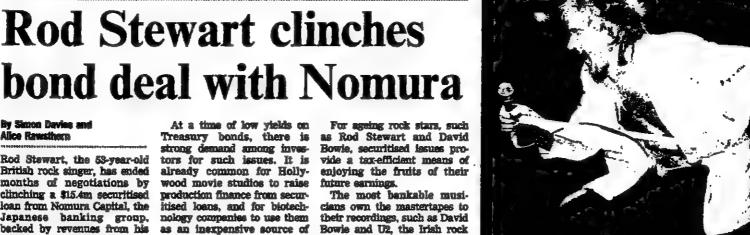
much higher performance. Senior Rolls-Royce execuaffecting workers and could hurt sales. However, they prospective customers at a launch yesterday at Le Mans,

as evidence of the company's confidence in its new products

Observers fear that a prolonged battle would damage sales as well as morale. A sale car maker, approved plans to sting period between Vickers tives said the uncertainty over ruption, as the engines and other essential components for the Silver Seraph and the Arnage come from BMW. Both potential buyers also have to clarify their plans for the company's new two-door sports car Morris, while stressing that

battle was for Vickers and its shareholders to decide - and would be based largely on price - said an important second criterion was to ensure the stability and prosperity of the workforce at Crewe, where the company is based.

Despite the uncertainty over Rolls-Royce's future, Mr Morris said initial responses to the Silver Sereph and Arnage had been encouraging with 300 compared with 440 for the previous saloon model last year, and 100 for the Bentley.



sion, which administers Rod ennes of one of the US's load. Stewart's music publishing

# More acrimony as Decaux threatens suit

group. The mastertapes of

they can offer against bonds or

Mr Stewart has received his

Nomura loan through RS Pub-

lishing, a company owning cer-

tain rights to his songs. It is

secured by various assets.

including payments from

RMI's music publishing divi-

The acrimony between Decaux of France and its British bid target, More Group, looked set to descend into a legal farce last night as the two billboard and bus shelter groups swapped accusations of anticompetitive practices.

Decaux said it was planning to initiate a civil lawsuit against More Group today, alleging that an employee of More's subsidiary in France had circulated a misleading document to discredit Decaux

ing basketball players.

chief executive, insisted there was no such document, and said More Group France was planning its own action against Decaux, accusing it of predatory pricing in Rennes. The latest row between the

two companies came as the Local Government Association gave its first indication of concern about Decaux's proposed £475m (\$788m) bid. The association said that the

"couple of dozen" members who had written to it about

about a loss of competition". Decaux and More control about 90 per cent of the local authority street furniture market, and 24 per cent of the out-

door advertising market. Decaux produced its own survey of 119 local authorities last week, saying 52 supported its bid, 10 were opposed and 57 WHEN PERSONAL PROPERTY.

Yesterday, Decaux claimed a More employee circulated a critique of Decaux's billboards, which used the name of Carat,

More said the dispute centred on whether some photographs had been mislabelled.

Jean-François Decaux, chairman and chief executive, said he had not seen the document. but was confident it existed.

Mr Parry told an advertising

audience on Friday that "Any lawsuit that is notified to the Financial Times before being notified to the courts reeks of a publicity stunt." Mr Decaux rejected the accusation.

Following renewed reports

Winglier Decents andred its monopoly position in France, Mr Decaux said he would consider suing third parties for having circulated the investigators' draft report.

Mr Parry accused Decaux of proposed legal action.

Decaux's persistence has surprised Clear Channel, its rival in the race to buy More whose bid was cleared last week. The Texan group had XXXX and Swan in Australia

# Kirin may take stake in Lion Nathan

By Gwen Robinson in Sydney

Executives from Kirin Brewery of Japan spent the weekend with counterparts from Lion Nathan, the New Zealand brewer, in talks which could lead to a link between the two

companies. Kirin, Japan's largest brewer, is believed to be interested in a 30 per cent stake in Lion Nathan, which is number two in the Australian market and the biggest brewer in New Zealand

Speculation about a merger or takeover of Lion Nathan nas driven its share price up by more than 25 per cent since the beginning of the year, valuing It at nearly NZ\$3bn

(US\$1.75bn). Kirin's 30 per cent stake would include the 17 per cent owned by Doug Myers, chairman and former chief executive of Lion Nathan, who has indicated his desire to sell up and retire. Three directors associated with Mr Myers, whose grandfather founded the company, have a further 6 to 7

per cent of the shares. The Japanese brewer - the world's fourth largest - would not confirm reports that it had placed a Japanese yen-denominated order for about NZ\$800m on Thursday night in Tokyo to fund the acquisition. The report, in Japanese business daily Nihon Keizai Shimbun, said Kirin was likely to invest about Y100bn (\$770m) in

On Friday, Lion issued a cryptic announcement advising shareholders not to sell their shares as talks "may affect their value". In trading on the Australian Stock Exchange, its shares jumped 43 cents to A\$4.65, helped by Lion's move to announce strong half-year profits ahead of the original schedule of April 30. Net profits in the first half to February rose an annual 14.5 per cent to

FOR KITIN. attraction would be Lion's successful move into China, where it began beer production last month.

Lion has 42 per cent of the Australian market, second "clutching at straws" with its | behind Foster's Brewing group, and the leading position in New Zealand with 56 per cent of the market.

The company's beer brands include Tooheys, Castlemaine privately dismissed Decaux as and Steinlager and Lion in "all hat and no cattle".



PETER MARTIN GLOBAL INVESTOR

# Slim pickings in Korea

Every snack bar in Seoul has an IMF menu, every discount store an IMF poster. Four months after the International Monetary Fund agreed a rescue package for Kores, its initials are the most common western alphabet characters visible in the Seoul streets. From an investor's point of view, the writing on the wall is more inscrutable. Once western banks agreed to roll over their lending, the stock market rejoiced for two months, then went nowhere. What is the outlook? The new president, Kim Dae-jung, says he is turning the economy from government direction, cronvism and debt finance to full democracy, free-market principles, vigorous corporate governance and strengthened equity from home and abroad.

"I am firmly determined to turn Kores into the best nation in which to do business in all aspects, including investment conditions," he told an FT conference. "I will not allow any form of discrimination between Korea and foreign-owned companies."

The whole project is extraordinarily ambitious with great potential. But there foreboding in Seoul. Koreans who appreciate the

radical nature of President Kim's policies are frustrated that western investors are holding back. Yet the flood of overseas portiolio investment that some Koreans appear unrealistically - to auticipate is not what the economy

the problem is a financial system that may have according to local estimates some 20 to 30 per cent of that scale of impaired assets, the banking system is essentially bust. It urgently needs recepitalising if lasting damage to the real economy to be avoided. Foreign capital

is the most attractive solution. The two biggest banks. up for sale to foreigners in an anction managed by Morgan Stanley. The likely bidding is unclear. All the benks have een heavy lenders to the big industrial groups, the cheebol. which have debt burdens of up to five times their equity. This noney was used to diversify

into low-margin businesses. At the higher interest rates imposed in the wake of the IMP peckage, the charbot find debt service increasingly a problem and their access to iresh funds is impaired. The government would like

the *chaebol* to sell non-care operations to foreigners. bringing their debt-equity ratios down. The chaebol serve in principle, but are unwilling to code management control or accept fire-sale prices. In fact, they don't see why things can't go on just as they

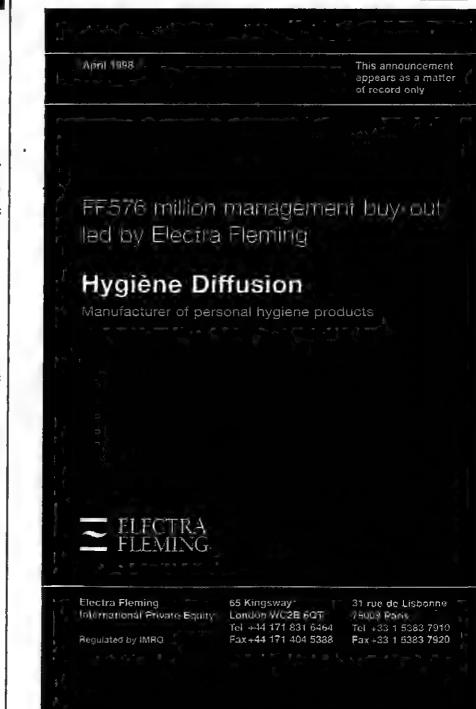
were - a bit of belt-tightening, a bit of hard work, a year or so of current account surpluses and debt repayment, and all will be well. "Our objective is to build a large current account surplus export-intensive mana in the shortest period of time,"

said Kim Woo-choong, founder

of Dagwoo. This foot-dragging is hard to counter. "You cannot just tell the chairman of Hyundai what to do," said one government policy adviser. The obvious solution - using the threat of bank foreclosures to induce a change in *chaebol* behaviour is extremely risky. Unemployment is already rising sharply. A mishandled

get-tough policy might induce an accelerating downward sofral of factory closures and loss of communer confidence. So the next few months are critical. If the government can push the chosbol to make asset sales and the recepitalisation of the banking system goes ahead, Korea may scrape

and resume growth next year. If that buys a breathing space for reforms to take root. Korea will be healthier than before, offering much greater opportunities to foreign investors. If, however, the chaebol drag their feet, the benking system finds few foreign suitors and the reform process stalls, then Korea could find itself like Japan condemned to persistent stagnation. Koreans, angry and ashamed about their sudden loss of status, are unlikely to view that prospect with equanimity. From an investor's point of view, the buy signals to watch out for are early chaebol asset sales and a good response to the bank auctions. Without such signs, Korea will offer only the alim packings you get when



**IIK** investors

It may no longer be gins and tonic at the club, but relations

between UK companies and their shareholders remain fairly

cosy. That is the message which emerges from the FT's

survey of PTSE 160 companies and their investors. Of course

it is encouraging that over 90 per cent of companies are

happy with their investors. Better that than the opposite.

But this may simply show that UK investors are a bit of a

soft touch. Indeed, unflattering comparisons with their US

No doubt most companies welcome a quiet life. But many

would profit from being held to higher standards. Take the

recently vanquished Argos · operationally well run, but

strategically adrift when GUS swooped on it. Were investors

asking searching questions of the board and management?

There is little evidence to think so, yet if they had Argos

might well have acted sooner and hung onto its indepen-

The finding that investors, overwhelmingly, are not short-

termist in their approach is also reassuring. It lowers the risk that government will fiddle with capital gains tax to encourage investment. But the finding does not exonerate UK pic of the claim that it underinvests. More likely, compa-

nies are underinvesting because they set hurdle rates of

return too high, but investors simply acquiesce. The overall

counterparts supports this view.

dence in the process.

Scottish Power

MEDIA SHAREHOLDER OBJECTIONS TO PROPOSED MANAGEMENT SHARE PAY-OUT AFTER £284M BOOKBUILDING EXERCISE

# Aegis faces opposition to incentive scheme

Aegis, the media-buying group, is facing opposition to a management incentive scheme which it has put up for approval at its annual general meeting on May 15 when it will face its new

The group has seen about 40 per cent of its shares put building process, which is

about £284.3m. The book- ers". building was due to close on Friday night - about a week ahead of the original time-

Aegis already has the

in the UK and the US.

expectations - for a total of small group of key manag- building.

At least one institutional shareholder objects to the new scheme, on the grounds table - after strong demand that it would dilute other investors' interests.

power to issue employees backed by Warburg Pincus, with shares worth up to 10 the US investment firm per cent of its share capital. which holds 32 per cent, but against 2633,000 in 1996. It is now seeking authority which will not be able to

a price of about 80p a share could pay out shares worth meeting because it is selling scheme, although he gave meant about 39 per cent of

Crispin Davis, Aegis chief executive, already holds extra 5 per cent of shares if Hoare Govett, is expected to options over 9.4m options at certain performance targets announce the offer price and 25.5p, which at Friday's clos- are met, including the com- details of the number of ing price of 82%p are showing a profit of £5.36m. Last The plan was originally year Mr Davis earned per cent. £971,000 in salary, bonuses, and long-term incentives,

- right at the top of market another 5 per cent to "a its stake through the book- the company credit for mak- Aegis was being sold.

Warburg Pincus said last week that it was selling its the bookbuilding was 264.8m shares in Aegis One shareholder said he which, combined with stakes 7p to 72%p.

understood to have achieved for a scheme under which it vote at the annual general was concerned about the from two other shareholders.

ing it performance-related. Cazenove, which is han-The executives will get the dling the placement with pany's total annual share- shares sold today. However, holder return reaching 15 it is understood that all the shares have been sold at either 80p or 81p. On the day announced Aegis shares fell

# Liberation from the shackles of a corporate parent

years sitting on the back

row of the podium at Lon-

rho's annual meetings. He

can also point to several

achievements since his ele-

vation to the chief execu-

tive's job in 1995. He has

formed five divisions from

the amorphous collection of

trading businesses Lourho

Africa inherited. He has

closed country head offices

and identified £35m of prop-

erty which can be sold to

fund investment elsewhere.

He has also seembled a net-

work of country chairmen,

such as Mark Too, the close

ally of the Kenyan president,

Nick Morrell, Lonrho's

chief executive, said "Mark

Nowman came across as the

outstanding candidate. The

more I saw of him the more

oughly competent individ-

Daniel arap Mol.

Andrew Edgecliffe-Johnson on Lonrho Africa's chief executive

It is lunchtime in the restaurant of the Lusaka polo club, Mark Newman, chief executive of Lonrho Africa, sips a rock soda with angostura bitters, with Jacob Mwanza, Zambia's central bank governor, Francis Kaunda, the man in charge of privatising the country's copper industry, and Tom Mtine - Lonrho's political fixer in Zambia for more than 30 years.

Mr Newman leans over to Mr Mtine and asks: "Will we be able to meet the president tomorrow?" Lourho Africa's 72-year-old "country chairman" picks up his mobile phone, dials President Chilube's office and says: "Good afternoon. Mtine here. Any

Welcome to Lonrho Africa, the company which Mr Newman is steering to the year's most unusual demerger. when on May 7 Lonrho will spin off its 14-country collection of sub-Saharan car showrooms, cotton ginneries and distribution businesses, to concentrate on its gold, coal and platinum mining.

Despite beginning a tour of African political leaders last week, to brief them about the company's impending independence, Mr large organisational head-Newman is adamant that ache. "With Rowland there doing business in Africa is no longer a question of needing political favours: "Africa has changed," he says. His argument has yet to filter through to everyone in the company, "I don't think one can say it has changed. You can never divorce politics from business," said Mr ing that his planned 53.3m he came over as a thor-Mrine luter.

not one which endears him will involve knocking down to Tiny Rowland, who at the cottage six - the room in age of 80 keeps up his contacts with the likes of Nelson Mandela as eagerly as he maintains a barrage of criticism against his successore

in Lonrho. Mr Rowland is as rude about Mr Newman as he is about most present-day Lonrho executives: "If you were to ask me in front of Mark ar." he says. "It would have Newman, do you think that made more sense." But as it he is the man to lead Lonrho was, the parent company Africa, I would say never - sold its African sugar divi-under no circumstances." sion last year, and dictated

joined Lonrho Kenya in 1981 join the market now, just as and became chief executive of Lonrho East Africa four years later, Mr Rowland claims to know little about him: "My only contact with him was that I used to go to Nairobi every three or four weeks. He used to meet me at the airport and have my passport stamped, and that's about all." For Mr Rowland, Mr Newman is "a decent bloke, and honest and able to do what he was doing before, but not a money maker".

Mr Newman, meanwhile. points out that Mr Rowland's incessant deal-making left his successors with a was a tramendous resistance to selling anything or cutting staff. Unlike most conglomerates, Lonrho [under Rowland] never really reorganised. You never got any new investment and there was no direction." Perhaps it is not surpris-

refurbishment of the venera-



ted enough to go through and produce a company that people can understand." The process has not been easy: Mark Newman and Keith Atkinson [the finance director) had to break a lot of china in that group."

Selling a collection of African trading assets to a financial community which has little idea of how to value such diverse operations as abattoirs is a task that get away from his mother,

added, rare in being "single ting on the tan leather seats minded enough and commit- of the corporate King Air jet, mosning about the prospect of another four-hour flight to Zambia, he jokes about the low ceilings: "I've always dreamt of finding a dwarf air hostess who could go up and down the aisle serving drinks."

It is 21 years since he came to Kenya, as a 25-year old accountant with Coopers & Lybrand. The decision to stay was influenced by his

# Morgan Stanley raises Lonrho stake

By Roger Taylor

Morgan Stanley, the US investment bank, has increased its stake in Lourho to about 10 per cent, ahead of the conglomerate's move to split itself in two next

Morgan Stanley is understood to have bought a 5 per cent stake in the busines from SBC Warburg Dillon Read, the investment bank, which bought the stake from Angio-American earlier this month. Morgan Stanley already owned about 3 per cent of the group and is thought to have bought further Lourho shares in the market.

Analysts said that once Lonrho splits into an African trading subsidiary and a focused mining group there was a good chance of either part being taken over.

The mining company would be one of the few large African mining houses which had a share structure simple enough to allow a takeover. The trading subsidiary might appeal to a number of South African companies.

The company is also in the amethyst mines and pig father's death and a wish to process of selling its Princess Hotel chain. It is narwould drive many to despair: he says. Staking off his con-rowing its shortlist of poten-Yet Mr Newman retains a porate perents should be just that buyers and is aiming to

#### picture is not discouraging, but UK pic would clearly profit from more demanding investors. It must have hurt Scottish Scottish Power Share price relative to the FTSE AN-IS

Power to walk away from the optimistically named Florida Progress Corp. Its management has, after all, enjoyed stitching together a multiutility through two audacious bids in the UK. But shareholders should not be downcast at this sudden display of tartan thrift. A nopremium merger with a US company which, like Scottish Power, is vertically integrated, would have been strategically sensible. The company has shown it has the

management skills to sweat its assets and deliver value from acquisitions. Exporting these skills to the US would have been a low-risk diversification. But given that the US's experiment in electricity deregulation has hardly been sparky, Scottish Power can afford to wait for the right deal.

# News Corp price war hits Australian shares

A newspaper price war sparked by News Corporation hit Australian publishing shares on Friday. Fairfax shares fell 21 cents to A\$2.81 while News Corp shares

News Corporation said Ltd, its Australian arm, Australian, News Ltd's flagship, would be slashed to 50 cents from \$1.30.

Report of the board of directors

move would put further pressure on Fairfax earnings, already expected to suffer due to higher newsprint prices and local fall-out from the Asian economic crisis. Analysts compared Mr

Murdoch's move with his battle in the UK, when he that, from Monday, News launched a similar circulation battle by slashing cover would publish a special Vic-torsin wition available for Sun newspapers. But other 40 cents instead of 90 cents. analysts said the UK examthe Australian newspapers were organised on a differ-

# NOTICE OF REDEMPTION TO THE HOLDERS OF

FCOD LION, INC. 5% Convertible Subcrainsted Debentum CUSIP Number 144775 AAB

NOTICE IS HEREBY GIVEN as provided in the industrye dated at of NOTICE IS EXERCISY GIVEN as provided in the indenture detect as a function, inc. (the "Company") and The Chase Manhatem Bank, formerly known as the Chase Manhatem Bank, formerly known as the Chase Manhatem Bank, N.A., as Trustee (the "Trustee"), that the Company will redeem on May 27, 1998 (the "Redemption Date") all of the 5% Convertible Subordinated Debentures due 2003 (the "Debentures") at 101% of the principal amount thereof (the "Redemption Price"), together with accrued interest to the Redemption Date (i.e., a Debenture holder will be entitled to receive a payment of \$1,010.00 plus accrued interest of approximately \$24.44 per \$1,000 principal

amount sorrendered).

As an alternative to receiving payment of the Rademption Price and ascrated insertes, bolders of the Debenmes have the right to convert Debentmes into shares of the Company's Class A Common Stock. The Debentmes or any portion of the principal amount thereof (in an amount equal to \$250,000 or an integral multiple of \$1,000 in excess thereof) are convertible into the Company's Class A Common Stock, unless previously redeemed, at a conversion price of \$7,90 per share. The right to convert Debentmes sulled for redeemation will reminister at the close of fruiteres on Meet 12 100°

recomption will terminate at the close of fourists on May 18, 1998.

The closing price per share for the Company's Class A Common Stock on the Nasdaq National Market on April 16, 1998 was \$10.5625 per share. Holders wishing to convert Debentures must satisfy the requirements set forth on the reverse of the Debentures and in the Indenture, including, without limitation, the requirements to surrender the certificate endorsed or assigned to Company or in black and deliver a conversion notice, as set forth in the Indenture. Scoarities may be starendered for conversion at the correction office of the Trustee in New York City (at the address set forth below) or at the fice of any of the Conversion Agents set forth below:

Trustee and Conversion Agent (U.S.)
The Chase Manhattan Bank Global Trust Services
450 West 33rd Street, 15th Pioer
New York, NY 10001
Amp Philbert G. Jones

Conversion Agent (U.K.)
The Chase Manhattan Be
P.O. Box 261
1 Chassales
Bournemonth, Donne RH7 7DB

P.O. Box 240 L-2012 Luxembourg Grand Duchy, Luxembo Ann: Veronique Cridei

As promptly as practicable on or after the conversion date, the Company shall cause to be issued and delivered to the Conversion Agent a certificate or conflictation for the import of full shares of Class A Common Stock insubite upon conversion. No fractions of shares will be issued on convention, but natead of any fractional interest the Company will pay a cash ad-

provided in the indensure.

Because the Debentures are being called for redemption between a Regular Record Date and the opening of business on the next succeeding Interest Payment Date, as such capitalized terms are used in the Indenture, of interest shall be payable on any Debentures converted during such period.

On the Redemption Date, the Redemption Price and accrued interest, if

On the recomposition have, the recomposition rules and accurate methods and surjected thereon shall coase to accuse on or after that date.

To collect payment of the Redemption Price and accuracy interest on the Debentures to be redeemed, the Debentures should be presented and surrendered at the office or agency of the Trustee at any of the following addresses:

The Chase Manhattan Bank Manhattan Global Trust Services P.O. Box 261 450 West 33rd Street, 15th Fl. 1 Classicalic New York, NY 10001

Truspe (U.C.)
The Chase
Manhatan Bank S Run Plactis P.O. Box 261 P.O. Box 240 BH7 7DB

L-2012 Losenbook Grand Duchy, Lexembourg Atta: Vermigue Cridel

In accordance with the U.S. Internal Revenue Code, payers are required to withhold upon certain payments to Holders of Debentures who have not established an exemption from withholding. U.S. Holders may be subject to backup withholding at the rate of 31% with respect to payment in redemption of the Debentures if they have not returned a correctly completed from W-9 cutiled "Payer's Request for Tuxpayer Identification Number." Holders should have a W-8 on file with the payer or otherwise you may obtain one at your local bank, an IRS office or the IRS homepage (warwire instress gov), or you may obtain a Substitute Form W-9 or W-8 from the Trustee by mail at the addresses shows. If you have not previously formshed in with the appropriate form, please forward or deliver a correctly commished us with the appropriate form, please forward or deliver a correctly com-plexed Form W-8 or W-9 to one of the addresses above together with you nes to avoid any such withholding or pens

FOOD LION, INC. THE CHASE MANHATTAN BANK By: As Laura Kendall Vice President of Finance

Dated: April 27, 1998

\*No representation is made as to the accuracy of the CUSIP Number either as printed on the Debentures or as contained in this Notice of

# GPG considers ITnet seeks appeal over Bluebird bid

Guinness Peat Group is considering an appeal to the Takeover Panel this week in a move to get Mattel to reveal details of its contract with Bluebird Toys over the distribution of Polly Pocket in North America.

Mattel, the US toy group, earlier this month topped Guinness Peat's January offer of 101p a share by putting another 10p a share on the table. Bluebird has recommended Mattel's £46m

Mattel also said it was exercising its rights under a licence agreement with Bluebird to take control of the manufacturing of its Polly Pocket toy and restrict Bluebird's margins in other markets where Mattel distributes Polly Pocket.

Bluebird, which relies on Polly Pocket for 50 per cent of sales, said the change would lead to a "significant" reduction in its profits.

Guinness Peat, which has 22 per cent of Bluebird, must decide tomorrow whether to extend its offer or allow it to

lapse. Mattel's first closing date was on Friday, and it will announce the level of acceptances today.

Blake Nixon, a Guinness Peat director, said he had put arguments to the Takeover Panel executive last week that the contents of the contract were material to the hid hattle. Some shareholders are

also unhappy. One big bolder said that there was not enough information to decide between the two. But the panel executive ruled last week that the contract did not need to be disclosed under any of its rules. It was satisfied there was nothing in the contract that would facilitate shareholders

in assessing the value of

Bluebird.

You cannot read the contract and become any wiser on Bluebird's position going forward," said a panel spokesman. Further, as Mattel already had access to the information before the bid, it was not the case that the information should be passed to all bidders by the

# listing to fund acquisitions

services arm of Cadbury Schweppes, the soft drinks and confectionery group, is to float on the London stock market in a move likely to value the company at up to \$200ml

The listing will make paper millionaires out of the nine directors who led the management and employee buy-out for £40m threa years' ago. The directors own 25 per cent of the shares, which would be worth more than £41m if the £200m vuluation is achieved. About 1,200 of the 1,600 workforce own a further 25 per 'cent, with Cadbury. Schweppes holding 12.5 per cent and the balance controlled by Venture

capitalists. Some £80m to £100m is being raised. £20m of which will be used for paying debt, with the remainder for working capital purposes.

Bridget Blow, managing director, said the float would help the company move to

its next stage of development, which could ITnet, the former involve acquisitions, it information technology would also enable it to expand its employee share ownership scheme.

Finet, which specialises in

outsourcing IT services, began expanding its business while still a part of Cadbury Schweppes.
Although the confectionery group accounted for 8 per cent of last year's £82m revenues, it is now only the fourth largest customer. Ahead of it are three local authorities, which each have £5m-plus contracts with lTnet for outsourcing their IT requirements. One of the contracts involves running the London borough of Hackney's revenues and

benefits services.

Operating profits, which have grown by 21 per cent on a compound annual hasis over the past three years. Sales have grown by 18 per cent on the same basis since

Dresdner Kleinwort Benson is sponsor and broker to the float

#### U.S. \$400,000,000 National Westminster Bank Floating Rate Capital Notes 2005 in accordance with the provisions of the Notes, notice is

Holders of bearer share certificates are requested to deposit their shares no lan than May I (, 1998 at Banque de Luxembourg S.A., Luxembourg or ut any other recommend front

ARTAL GROUP S.A.

Société Anonyme Registered office: 105. Grand' rue - L-1661 Luvernbeurg R.C. Luvernbeurg B 44.370

ANNUAL GENERAL MEETING OF SHAREHOLDERS The Angual General Maering of Shareholders of Artal Group S.A. will be hald at the Banque de Luxembourg. 14. Boulevard Royal. L-2449 Luxembourg. us Saturday. May 16. 1998 at 15500 hm. for the purpose of discussing and voting upon the following matters: ACENDA

Report of the statutory auditor
Approval of the annual accounts as at December 31, 1997
Allocation of results as at December 31, 1997
Discharge to the directors and to the satistory auditor

reby given that for the six months interest Period from April 27, 1998 to October 27, 1998 the Notes will carry an rest Rate of 5.8125% per annum. The interest payable on By: The Chase Manhattan Bank

London, Agent Bank

April 27, 1998

# To Advertise The interest rate applicable to the above Notes in respect of the interest period commencing 27th April 1998 has been fixed at 3-77° per aimmin. The interest amounting to US\$151,74 per US\$5,000 principal amount of the Notes and to US\$301.38 per US\$10,000 principal amount of the Notes and to US\$1014,75 per US\$101.011 rounsend amount of the Notes. Your Legal Notices Please contact Melanie Miles

0H

Tel: +44 9171 873 3349

Fax: ~44 0171 873 3064

The FT can help you reach additional business readers in ance. Our link with the French ess newspaper. Les Echos. gives you a unique recomment advertising opportunity to anitalise on the FT's European cadership and to further target the French business world. For information on rates and orther details please telephone

Toby Funden-Crofts as

+44 171 873 4027

Leumi International

US\$75,000,000 Guaranteed

Floating Rate Notes 2000

USSIDUATE principal acrount of the Notes will be pead on 27th October 1998 against

Bank Leupi (UK) Pic Principal Payment Agent

# FirstGroup to expand in Asia

Dy Josephini Ford

FirstGroup, the bus and train operator, intends to concentrate on building up its overseas interests in Asia and Australasia rather than in Europe, where it believes opportunities are scarce and xpensive.

FirstGroup recently took its first step abroad, joining forces with a Hong Kong property company to take over a five year franchise to operate bus services in the former colony.
It is now seeking to build

on this with further bus deals on the Chinese mainand. "I think we are very well placed to pick up bus

including possible bids for markets, he added. The big the Yellow Bus Company, markets in which Firbased in Auckland, and stGroup is interested - such operations in Wellington air- as Germany - have not yet port, both of which are opened up to the private secthe near future.

group was interested in tabs on what is happening Europe, but thought the but we do not believe that time was not ripe to seek you have to buy a business expand profitably and sension the continent right now,"

deals." The group is also looking Most of the privatisations

expected to be privatised in tor. "Privatisation will happen, and when it does we Mr Smallwood said the will be there. We are keeping

deals there. "We want to to show you are interested." Analysts have been pressbly but that is not possible ing the company to be more explicit about its European amplitions. "In Europe, bus companies

Under a European Union have margins of between 5-7 directive, bus routes on the per cent against 15 per cent Continent have to be put out acquisitions on the Conti-

Trevor Smallwood, chair- pay the same price for 2002. Analysts believe that the European market is worth around 220bn in sales at deals in New Zealand, to date had been in small and that UK operators should be in a position to win an attractive share of privatisation business because of their private sec-

> tor expertise. Stagecoach, the Scottish based transport operator, and Arriva, the bus company, have both made acquisitions in mainland Europe. Stagecoach acquired Swe-

bus, Sweden's largest bus operator for £115.6m in September 1996. Arriva has purchased bus operators in Den-mark and the Netherlands and recently signalled its intention to make further

عكذاهن الاص

# COMMENT UK investors

TALL TIMES MOTORS

Septimble Printer

ews Corp price wa its Australian share

> CAP. 0.0000 4.00

100

ARIAL GROUPS I

U 8. \$400 (NO. BOX & National Westminster Bank

I will

Fill Con

FINANCIAL TIMES MONDAY APRIL 27 1998 \*



Bankers Trust pioneers innovative debt financing



Bankers Trust acquires Wolfensohn & Co... one of the world's preeminent M&A specialists,



Bankers Trust merges with Mex. Brown & Sons, Americas oldesi invesiment bank,



Today, Bankers Trust adds Nat West Markets Equities. one of Europe's most respected equity research, sales and trading firms.

# Millar talks of his worries about trials

recently-dismissed head of clinical trials at British Bio- from a small UK study trial tech, the troubled biotech- 214. As a result he nology company, revealed yesterday he had been worried about results of trials on patients were taking the plathe company's acute pancre- cebo and which were taking atitis drug Zacutex in the drug. November 1996.

Dr Millar, who was dismissed a week ago for discussing the company's internal strategy debates with drug would be effective". shareholders, said he raised his concerns about Zacutex with Peter Lewis, a main board director.

The FT has received a copy of a letter the company ning the trial so that bias received in May last year from the European Medical Evaluation Agency listing five serious objections to the the EMEA last May, It did trials which stood in the way not announce until February of Zacutex receiving

approval for sale in the EU. The agency said that it was concerned that no information was given on the screening process used to select patients and that the reconstruction of missing data by British Biotech

Dr Millar was worried that the FT show the strength of stake in the company.

the results of a US trial of the objections raised by the Zacutex - identified by the EMEA. It said that evidence Dr Andrew Millar, the number 215 - were not consistent with positive results "unblinded" the study found out which group of

He told the FT the results were "inconsistent with the Trial 214 and inconsistent

with great optimism that the

He said he kept Dr Lewis up-to-date with results from November to April 1997 but he did not share his knowledge with subordinates run-

could not be introduced. Although British Biotech had received the letter from this year that approval for the drug was likely to be delayed. British Biotech said last week it was in continuous discussion with drugs regulators and it was inanpropriate to share all the correspondence with inves-

Documents obtained by

# doubles in first quarter

Volkswagen, Europe's biggest car-maker, reported that Zacutex reduced deaths net profit doubled to among acute pancreatitis sufferers was insufficient DM345m (\$192m) in the first because it related only to a three months, continuing the German car company's sub-group of patients. The EMEA also questioned what recent strong performance. it saw as inconsistencies in VW forecast earnings this methodologies used in the year would beat the trial and asked for informa-DM1.36bn net profits recorded in 1997. tion on the affect of different

> But the car company warned deliveries in Asia had dropped about 16 per cent, a much steeper declin than it had originally indicated, because of weaker economic conditions in China, an increasingly important market for VW and Japan.

The company reported a sharp sales fall in South America where growth has been hit by government measures to shore up the regions' economies in the wake of the Asian crisis. Deliveries in South America and Africa fell 24 per cent in the first three months.

VW said that world eco nomic growth was weaker in the first quarter because of the effects of the Asian crisis. But it said western European markets benefited from diminishing uncertainty surrounding the launch of the European single currency,

There was a moderate slowing of China's economic growth and continued weakness of consumer demand in Japan. But sales in North America and in western

Europe grew strongly. World sales increased 23 per cent to DM33bn in the first quarter. There was continued sales growth at VW's

subsidiaries. Skoda, VW's Czech division, showed the fastest growth as output increased 32 per cent to 105,825 units. At Seat, VW's Spanish arm. production grew 30 per cent

to 118.081 units. Production of Volkswager cars rose 4.9 per cent to 717.640 units.

The trick in the plan was In the whole VW group, that the DM1.4bn (\$780m) car production rose 11 per cent to 1.15m units.

# **ING Barings**

from ING Barings, the

# vw profit RWE embraces one share, one vote Commitment to conglomerate concept flies in the face of fashion, writes Ralph Atkins Market movers

n the evolution of Germany's powerful industrial conglomerates, RWE has long been a laggard. Its intimidating ownership structure, dominated by municipal shareholders with multiple voting rights, has

looked increasingly archaic. The problem has become acute as RWE has added businesses such as telecommunications to a traditional portfolio of electricity generation, lignite mining, mechanical engineering and anstruction.

But according to Clemens Börsig, finance director, the Essen-based group, which has sales of DM72bn (\$40bn), is about to undergo a transformation. First, RWE has ended

years of wrangling by completing a restructuring of its shareholder base that has ended the municipalities'

Second, Mr Börsig argues that the euro will have a profound impact on Europe's capital markets that will inevitably affect RWE. "You can't over estimate the importance of the coincidence of these two factors, he says.

For shareholders, the question is how far will RWE's conversion go. And will the group, founded as Rheinisch-Westfälisches Elektrizitätswerk 100 one hundred years ago last Saturday, revise its sprawling conglomerate strategy?

The share restructuring will lead to a far simpler ownership set-up based on that would outlaw municithe principle of one share, one vote. Local government shareholders will give up their multiple voting rights in exchange for shares with a single vote, cutting their share of voting power from

60 per cent to about 30 per At the same time, existing preference shareholders were offered the chance to convert - at a price - to

99 results, from autumn next year, "With the euro we will see the internationalisation. or more aptly, the Europeanisation of capital markets."

the fund-raising exercise. It seemed an obvious solution, but nevertheless it is a breakthrough for RWE: failure of a previous attempt contributed to the early departure of Friedhelm Gleske en chairman in 1984. WE was helped this time by the financial pressures facing Ger-

Clemens Börsig: "We will be more exposed to the capital market"

many's local governments and the threat of legislation palities' multiple voting rights with possibly less generous compensation. An immediate result

should be RWE shaking off its image as an industrial behemoth stuffed with Rhineland politicians, Mr. Börsig also expects a change of mentality within the group, "We will be more exposed to the capital market - in principle a takeover ordinary shares with voting will be possible."

for their loss of influence.

Formal approval had already

announced the completion of

Yesterday

Accelerating that trend, Mr Börsig argues, will be the launch of European mone-

pensate the municipalities in euros, starting with 1998;

There will be no revolution at RWE, however. It does not intend to give up its conglomerate strategy. embracing businesses from waste disposal to hospital operating tables as well as energy, chemicals, mining and telecommunications. While the US and UK trend might be towards focus and spin-offs, Mr Börsig argues conglomerates can diversify risks and smooth the effects of business and product

He rejects the counter argument that spreading risk is the task of fund managers, not companies, "We're significantly better than the average German invested fund. We're involved in the businesses. When there are, occasionally, problems we can solve them. When an investment manager has a holding that turns sour be can only sell it - at the wrong time and for less."

He says conglomerates can

for managing assets. Nor is RWE contemplating pulling out of lignite mining or atomic energy - both controversial in environmentally conscious Germany.

ignite, which accounts for 30 per cent of RWE's \_mining and raw material sales, faces stiff opposition from Greens in the government of North-Rhine Westphalia where the Garzweiler operations north of Cologue are appung out huge chunks of the countryside. In atomic firel, RWE is still

reeling from an unexpected court decision in January that its Mülheim-Kärlich power station, near Koblenz had to remain shut because of problems in the approvals process. Mülheim Kärlich has now been silent for a decade - but is costing RWE DM1m a day.

Mr Borsig insists such local energy sources are vital to Germany's overall competitiveness. "If atomic energy and lignite are thrown into doubt, then the question arises, what will replace them?"

RWE's strategy, says Mr Börsig, is to internationalise its business, cut costs, and to look for growth areas related to existing activities. Of particular interest will be its push into telecommunica tions, Its joint venture in Germany o.tel.o, set up with Veba, the rival Düsseldorfbased energy and chemicals heavily building a telecommunication network to challenge that of Deutsche Telekom, the former monopoly.

- and requires large scale investment," Mr Börsig saye. But o.tel.o faces strong competition, including from Mannesmann, the industrial giant that controls Germany's largest digital mobile telephone network.

"This is a business with

big chances - and big risks

Worse, perhaps, Mannesmann is ahead in other European telecommunications markets, notably via its links with Olivetti in

RWE has joint telecommunications ventures in Hungary and the Czech Republic. where it has electricity interalso shelter losses for tax ests, but investment so far is: raised will be used to com- tary union. RWE will report: purposes and do not charge small by RWE standards.

# Iri airline stake to be **cut to 53%**

By James Biltz in Rome

Iri, the Italian state holding company, is to take advantage of the recent boom stock market by selling a larger stake in Alitalia, the national carrier, than had been anticipated.

Iri will cut its stake in Alitalia from 85 per cent to 58 per cent in a share offer to international and Italian investors next month. It will sell 27.6m shares at a total value of L1.000bn (\$564m) and will use the proceeds to pay off half of the L2.000bn capital injection that it completed last year as part of

Iri had initially indicated that it would reduce its stake to 60 per cent. The larger than expected sale comes in the wake of an incresse in Alitalia's share price in recent months. The global co-ordinators

for the sale are IMI and Salomon Smith Barney. The Italian government is committed to privatising Alitalia and a further reduction in the Iri stake below 51 per cent is expected over the

next 12 months. Under Domenico Cempella, chief executive, Alit- times less expensive for setalia made a L438bn net profit | tling transactions in foreign in 1997, its first in a decade. | shares.

# Swiss exchange cuts charges

By William Hell in Zurich

Sega. Switzerland's securities clearing system, is cutting the cost of settling securities transactions by more than quarter, in a move which underlines the growing competition between Europe's stock exchanges shead of next year's launch of the curo. Switzerland, home to Europe's fourth biggest

member of the single currency next year. But the Swiss stock exchange, which will start trading surodenominated equities and bonds from next January, has one of the world's low cost systems for electronically trading and settling securities transactions and wants to exploit its advantage to capture a share of the new trade.

Sega, owned by the Swiss of settling securities transactions on the Swiss stock exchange from 97 centimes to 70 centimes from May 1. As a result, the Swiss exchange claims that it will be marginally cheaper than the Deutsche Börse for trading local shares and five

which uses Sega to settle all its securities transactions. believes that trading in eurodenominated paper will gravitate to centres with lowest costs. However, Switzerland's bid to capture a significant share of trading in suro-paper still faces a cost barrier - the Swiss stamp duty. The Swiss exchange has been lobbying the government hard to stock market, will not be a remove stamp duty and is known to be contemplating opening up its trading facilities to remote members outside Switzerland who will

levels of dosage.

The FT has also obtained a

copy of a memo sent by Dr

Millar to directors including

Keith McCullagh, chief exec-

utive of British Biotech, on

October 13 1994 which raised

concerns about potential

harmful side-effects in

patients taking the anti-can-

In January 1995, Mr McCullagh sold a large posi-

tion of shares in British Bio-

tech. In February, the com-

pany announced delays in

the development of batimas-

tat, which was subsequently

Dr Millar was dismissed

for discussing internal strat-

egy debates at British Bio-

tech with executives of Per-

manager with a 9.5 per cent

The Swiss stock exchange.

cer drug batimastat.

not be subject to stamp duty. "We will be euro-compatioffering fully electronic, integrated trading and clearing in euro," says Antoinette Hunzicker-Ebneter, the Swiss exchange's chief executive. She says that it remains unclear how quickly banks, plans to cut the cost trading in the shares of Swiss blue-chips will switch from quotations in Swiss

francs to euros. The Swiss exchange is also simplifying payment for euro-denominated securities. The Swiss interbank clearing system, used by banks to settle Swiss franc payments. is being expanded to settle cross-border euro payments electronically.

# Two more quit

J.P. Morgan has hired two corporate finance directors **Dutch-owned** Investment bank, writes Clay Harris. James Moon and Michael Ross, both 43, will cover UK clients for the US bank.

Their departure follows the exit of James Lupton. deputy chairman, and Simon Borrows, head of corporate finance, to head the new European office of Greenhill & Co, the US advisory firm.

# Prices hit Canadian oil groups

By Scott Marrison in Tomata

prices hit Low oil first-quarter earnings at Canada, two of Canada's

largest energy groups. (US\$78.7m), or 76 cents per

earnings of C\$191m, or on the sale of petroleum C\$1.21 per share, during the products, which increased

same period last year. Revenues decreased from C\$2.6bn to C\$2.2bn.

The company said earn-Imperial Oil and Petro- ings from natural resources were C\$1m for the quarter. down from C\$120m last year, Imperial, the nation's larg- due to lower prices and est producer, said that net reduced output of convenearnings fell to C\$118m tional oil as a result of asset sales last year.

there. The fall was only partially Revenues
The result compares with offset by improved margins to C\$1.3bn.

from C\$65m the year before refining operations were to C\$99m.

The situation was similar at Petro-Canada, which earlier this week had revealed first-quarter net samings sharply down from C\$104m, or 38 cents per share, during the same period last year to C\$36m, or 13 cents per share.

Revenues fell from C\$1.7bn

more than offset by a decline in crude and natural gas production, as well as the drop in oil prices.

Petro-Canada said it would consider reducing its planned capital expenditures this year if prices remained depressed or continued to deterrorate.

US energy groups and other Canadian companies The company said that have reported similarly disimproved earnings from its mal results this week.

nker

A LIGH

Skillt

a Diace

**venve** for

Dank to

a No lak lo

A combina

THIS NOTICE IS IMPORTANT AND REQUIRES THE MAKEDIATS ATTENTION OF MOLDERS OF BONDS. IF HOLDERS ARE IN ANY DIQUET AS TO THIS ACTION THEY SHOULD TAKE, THEY SHOULD CONTACT THEIR STOCKBROKER, WYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY



Espírito Santo Financial Group S.A.

(the "Issuer") (Formerly Espirito Santo Financial Holding S.A.) ECU135,000,000 8 3/4 per cent. Convertible Bonds due 2003 (the "Bonds")

PAGHTS OF CONVERSION As announced by the Issuer in its notice published in both the Luxemburge

Wort and Financial Times on 8th April 1998, bondholders are reminded that in accordance with Condition 8 (A) of the Bonds, the right of conversion on any Bond shall terminate at the end of 15th May 1996 and that prior to such time rights of conversion attaching to Bonds may be exercised by Bondholders delivering to the specified office of any Conversion Agent listed oslow. Bonds accompanied by signed and completed notices of conversion in accordance with Condition 8 (c) of the Bonds and otherwise complying with the Terms and Conditions of the Bonds.

PRINCIPAL PAYING AND CONVERSION AGENT Union Bank of Switzerland, 2<sub>urich</sub>

Union Bank of Switzerland Banque Internationale à Luxemb

PAYING AND CONVERSION AGENTS

69, route d'Esch

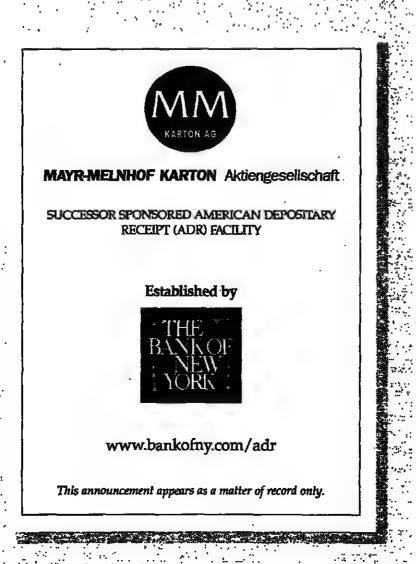
·;...

TRUSTEE The Law Debenture Trust Corporation p.l.c. Princes House 35 Grasham Street

8 - 1000 Bruns

THE REPUBLIC OF ARGENTINA NEW MONEY BOND DUE 1999

Notice is hereby given that for the period beginning on April 27th 1998 and ending on October 28th 1998, the bond will carry an interest rate of 6.75pc. per annum. BANCO CENTRAL DE LA REPUBLICA ARGENTINA REPUBLIC OF ARGENTINA FINANCIAL AGENT



UNCONDITIONAL CASH OFFER ON BEHALF OF PARK LAWN LIMITED to accord the whole of the issued share capital

OCEANA INVESTMENT CORPORATION PLC other than that already owned or agreed to be acquired by the Lawis family interests

tional amounces on behalf of Park Lawn Limited, a company owned by the wis family interests, the ("Offeror") that by means of a formal Offer Document dated and spatched on 24 April 1998 (the "Offer Document") Merrill Lynch is making a recommended conditional cash offer (the "Offer") on behalf of Park Lawn Limited to acquire all the existing tercontainments can oner (use 'Cater') on beams of rate Lanua Lanuaca to acquire an use examing unconfixionally allotted or issued fully paid ordinary shares in Oceana Investment Corporation PLC ("Oceana") not already owned or agreed to be acquired by the Lewis family interests and any further fully paid ordinary shares unconditionally allotted or issued and which are in the process of being registered on the South African or London Registers of Oceana on or prior to the date on which the

A holder of Oceana Shares who accepts the Offer will receive Rand 20 in cash for each Oceana Share registered on the South African Register of Oceans on the closing date of the Offer (or purchased by shareholders on or prior to the closing date of the Offer which is in the process of being registered on the South African Register); and 239 pence in cash for each Oceana Share registered on the London Register of Oceans on the closing date of the Offer (or purchased by shareholders on or prior to the closing date of the Offer and which is in the process of being registered on the London

Rezister). The full terms and conditions of the Offer are set out in the Offer Document.

The Offer is not being made directly or indirectly in the United States or by use of the mails or by any metas or instrumentally or interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States of America, its territories and possessions, any State of the United States and the District of Columbia (the "United States").

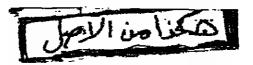
and persons reading this advertisement (including custodians, nominees and trustees) must not distribute or sent this advertisement, the Offer Document or any related documents in, into or from the United States and doing so may invalidate any related purported acceptance of the Offer.

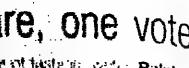
The Offer, which is made by mesus of the Offer Document and this advertisement, is capable of acceptance from and after 3.00 p.m. on 24 April 1998 in accordance with the terms and conditions set out or referred to in the Offer Document. The Offer will remain open for acceptance until 3.00pm London time (4,00pm Johannesburg time) on 15 May 1998. However the right is reserved to keep the Office open after such date. The Office is, by means of this advertisement, extended to all persons to when the Offer Document may not be despatched who hold, or who are entitled to have unconditionally allotted or issued to them, Oceans Shares. Such persons are informed that copies of the Offer Document, and Forms of Acceptance will be available for collection from IRG pic at 23 Ironnouger Lane, London EC2 and Marcantille Registruct Limited at 6th Floor, Mercantile Building. 94 President Street, Johannesburg 2001, (P O Box 1053, Johannesburg 2000).

This advertisement is published on behalf of Park Lawn Lamited and has been approved by Merrill Lynch international a member of the Securities and Futures Authority Limited, solely for the purposes of Section 57 of the Financial Services Act 1986.

The Directors of Park Lawn Limited and Stanley Lewis accept responsibility for the information contained in this advertisement and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts and does not conit anything likely to affect the import of such information.

27 April 1998



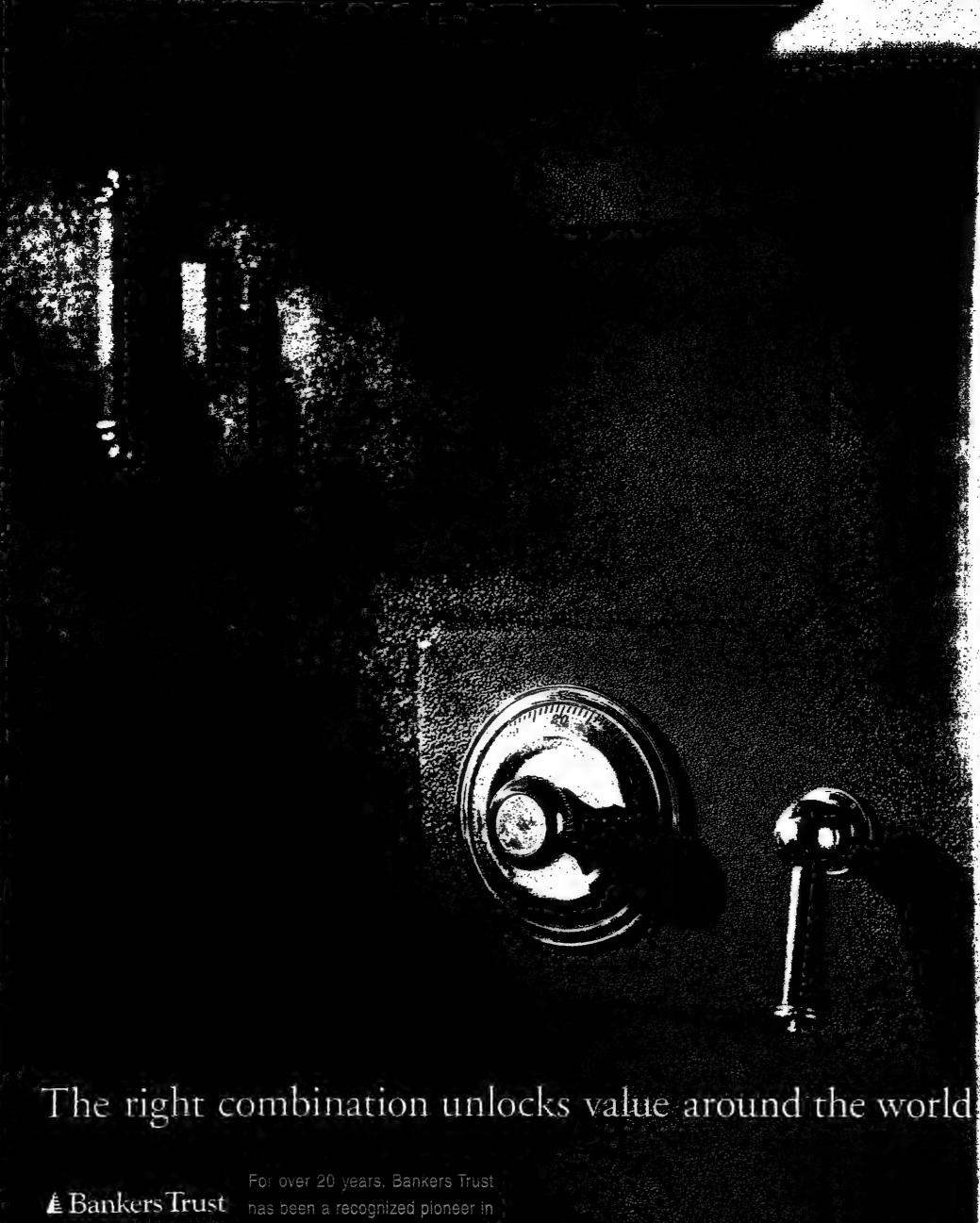


HMF MOSLAY VOCAL

ire, one vote e of factoric red Ralph Alkins

徳**Joseph 10 37**50 ロロコス ・高級機械機能 保 (でんし)

an oil groups



innovative debt financing.

We've now pioneered something even greater.

By skillfully combining the right elements, we've built an organization whose depth and breadth go far beyond the sum of its parts: BT Alex. Brown.

With all the components of our global investment banking firm now in place, we've created the first truly integrated source of innovative financial solutions.

Which means our clients-in over 50 countries around the world-now have access to unrivated industry knowledge, preeminent research, and proven strengths in advisory services and bank, bond, and equity markets—all on a global scale.

So talk to the people at BT Alex. Brown. When you have the right combination, the opportunities to build value are wide open,

**≜** BTAlex.Brown

Brussels

extends

Allianz

bid probe

The European Commission

has extended its investiga-

tion into a bid for Assur-

ances Genérales de France.

the Paris-based insurer, by

Germany's Afficans. But it

has approved the related

acquisition of Royal Neder-

land Verzekeringskroep by

The Commission said it

had decided to extend, until

May 8, its investigation of

the Allianz bid for AGF. The

two-week extension was

made possible by recent

changes to European compe-

It is thought the Commis-

sion is discussing the post-

tion of Coface, the French

export finance insurer

owned by AGP. French com-

petition authorities have

expressed concern at AGF's

However, analysts believe

the extension could signal

the Commission was near to

an agreement with the com-

obstacles, the Commission

would have immediately

The Commission also

approved the acquisition by

Generali, the Italian insurer,

of several smaller compa-

nies, including GPA and

However, under the terms

of an agreement between

AGF, Allianz and Generall,

none of the deals that were

cleared yesterday can go

ahead until the Commission

The investigation of AGF's

proposed takeover of RN

showed the French and

Dutch groups only have

overlapping activities in

some sectors of the Dutch

Their combined market

shares will not exceed 15 per

cent of any market segment.

authorises Allianz's bid.

Proxima, two AGP units.

moved to a second phase,

said a banker in Paris,

"If there were any serious

the French insurer.

tition regulations.

stake in Coface.

Retiring: Cocare Rosald, above, will be succeeded by Paolo Fresco

its at the Iveco commercial sia, Turkey, India and China

tion equipment division

operating profits increased

The results come as Fiat

prepares to enter a new

phase, after the retirement

in two months' time of Ces-

are Romiti, chairman. Mr

Romiti, who became manag-

ing director in 1976, will be

replaced by Paolo Fresco.

number two at General Elec-

Flat said the focus for for-

eign growth will be on Bra-

tric of the US.

**EMERGING MARKETS** REFORM PROGRAMME OF BRAZIL'S PRESIDENT IS WEAKENED BY THE LOSS OF ALLIES

Politicians' deaths hit Bovespa

from L265bn to L339bn.

ter of Fiat's car saies, turn-

over in the first quarter

grew only 7 per cent to

The company is also likely

to be affected this year as

the rate of growth of car

mics slows in its home mar-

rocketed in recent months

on the back of a government

supported scheme to stimu-

performed more strongly.

on Monday was normal.

Not so with the death on

Tuesday of Luis Eduardo

Magalhäes, government leader in the lower house of

Congress, victim of a heart

attack. At 48 years old - 20

spent in Congress - he was a rarity: a straight-dealing alli-

ance builder, an ideologi-

cally committed liberal and

widely tipped for the presi-

Markets were stunned by

his death. The São Paulo

Stock Exchange (Bovespa)

Index fell 2.7 per cent the

following day, and a further

1.1 per cent on Thursday.

"There was a lot of concern

that the reforms and even

late new car buying.

L12.700bn.

ket in the first quarter of ket. Italian car sales have

ering, with the rate of Other parts of the group

sharply last month, the slow- First-quarter operating prof-

#### FUTURES MARKETS

24

# **Regulator approves** merger of US exchanges

The merger of the New York Cotton Exchange, the oldest of the New York-based futures markets and now trading forum for both financial and agricultural products, and the neighbouring Coffee, Sugar and Cocoa Exchange, has been approved by the Commodity Futures Trading Commission, the US futures industry regulator. Nikld Tait, Chicego

#### **ELECTRICAL MACHINERY**

## Hitachi warns of provisions

Hitachi, Japan's leading integrated electrical machinery maker, said on Friday it would take provisions of Y180br (\$1.4bn) over the next five years to cover a shortfall in its pension fund requirements. It will take a charge of Y43.8bn in this vear's accounts, one related to the restructuring of its semiconductor businesses and write-downs at several subsid-

As a result, Hitachi's extraordinary losses in the year ended March 31 1998 will amount to Y117.5bn. The company said, however, that it expected to offset these with an extraordinary gain from the sale of securities totalling Y117.6bn. The company has forecast parent sales of Y4,050bn, profits from continuing operations of Y15bn and net profits of Y5bn for the

The latest announcement from Hitzchi highlights the extent of pension fund shortfalls at Japanese companies because of poor returns on pension fund investments and a declining workforce. In March, the company pulled out of a joint venture manufacturing facility in the US, Twinstar Semiconductor, which cost it Y34.2bn. Michiyo Nakamoto, Tokyo

#### NETHERLANDS

#### Power merger collapses

A long-sought marger among the Netherlands' four regional itors of electricity collapsed at the weekend, dealing a blow to government hopes of creating a utility which could compete on European scale. The four - Epon, EPZ, EZH and Une - could not reach agreement on a tariff structure ahead of the phased liberalisation of the EU's electricity market over the next few years. Some provincial and metropolitan admin-Istrations, main shareholders in two of the companies, were wary. And the NMA, the new national competition authority which falls under Mr Wijers' ministry, launched an investigation into the consequences of any merger. Gordon Gramb, Amsterdam

#### HONG KONG

#### **China Light and Power ahead**

China Light & Power, Hong Kong's dominant electricity suppiler, yesterday reported an 85 per cent rise in net earnings from HK\$2,6bn to HK\$4.89bn (US\$631m) in the six months to March 31.

However, the profits were boosted by an HK\$1.62bn exceptional item from the sale of a property development. The directors have made a special cash dividend of 52 cents a share to reflect the one-off gain. Core scheme of control earnings rose 5.4 per cent over the period, from HK\$2.35bn to HK\$2.48bn. The group anticipates that underlying earnings for the full year will be "setisfactory". Louise Lucas, Hong Kong

## COMPUTER CHIPS

# Taiwan group advances 126%

Taiwan Semiconductor, the world's leading foundry, or custom, semiconductor maker, yesterday reported a 126 per cent surge in first-quarter net profits, to T\$6.95bn (US\$210m). However, it warned that the chip industry would deteriorate this year because of slowing demand for personal computers. As a result it had cut capacity at its plant to about 80 per cent in the second quarter, against about 100 per cent in the first. The company said sales for the first three months were T\$15.74bn, Earnings per share were T\$1.70, Laura Tyson,

## JAPANESE BANKING

## Sakura to refocus

Sakura Bank, one of Japan's leading commercial banks, is to scale back its lending to European and US companies as part of a restructuring of its overseas business, Lending to domestic companies in the US and Europe will be cut as Sakura concentrates on fee-based business, other banking products, and lending to the European or US offices of Japanese com-

\*Our policy is selectivity and concentration in the allocation of management resources. Profitability in Europe and the US is very hard, so it is true that we are going to reduce asse there," Sakura said, but added: "We are not going to withdraw from that market, and we are not going to cut all our assets." Bethan Hutton, Tokyo

# PETROCHEMICALS

## Sasol and Amic in talks

Sasoi, the South African oil-from-coal and petrochemicals producer, is negotiating to buy control of chemicals group AECI from Anglo American Industrial Corporation for cash. Sasol and Amic on Friday announced the talks after a week of speculation in the markets. Victor Mallet, Johannesburg

# INSURANCE GERMAN GROUP EXPANDS ASIAN OPERATIONS THROUGH LINK WITH LEADING DOMESTIC INSURER

# Allianz in Philippines joint venture

#### By Justin Maruzi in Marik

Allianz, the German insurance group, has entered the in the Philippines, the latest move in its expansion in

Allianz, which became one of the world's largest insurance companies following its recent acquisition of a majority stake in AGF of France, announced on Friday the launch of a joint a leading local insurer.

The new company, Pioneer Allianz Life Assurance, will Pioneer Allianz ranks about be targeting a market that 23rd locally, but is alming to Europe," he said. The per-

Italy's leading

industrial group, reported

and raised its dividend to

underline its confidence in

future earnings, in spite of

weak sales in its big Brazil-

Net profits after minority

interests rose from L2,371bn

to L3,417bn (\$1.4bn) on a 15

per cent jump in sales to

almost L90,000hn. That

prompted a L20 rise in the dividend to L120 for ordinary

shares and L150 for prefer-

Trading in the first quar-

ter of this year confirmed

the upward trend. Boosted

by net interest income, pre-

tax profits jumped 32 per

per cent to L23,072bn. Oper-

ating profits climbed 21 per

However, earnings at

Flat's core car division fell

from L136bn to L16hn after

sharnly lower sales in Brazil.

an erosion in consumer con-

fidence triggered an 18 per

fall in the country's car mar-

this year, compared with the

Although Fiat said it

pelieved demand was recov-

decline in sales slowing

down in Brazil bad a marked

Brazil's stock markets were

groping for direction last

week after the deaths of two

of the country's most impor-

tant political leaders in two

days. Both were central fig-ures in President Fernando

Henrique Cardoso's cost-

The reforms are stalled in

Congress, and progress is essential in tackling a bud-

get deficit which reached 6.1

per cent of gross domestic

The deaths left traders

torn between pessimism

over the government's weak-

Sergio Motta, communica-

that he would take a less

emotional patriotism.

died on Sunday.

cutting reform programme.

same period last year.

in São Paulo

Higher interest rates and

ian market.

ence shares

cent to L545bp.

per cent a year for the past years.

five years but is still small at Henry \$650m, slightly lower than \$650m life assurance market neighbouring Malaysia and

Thailand The five leading life assurabout 80 per cent of the domestic market. Awareness of life assurance is low in the Philippines, with penetration of 10-12 per cent. The Asian crisis has also highlighted the country's low venture group with Pioneer, national savings rate, which has long lagged behind most of the region. At present,

Confident Fiat lifts

full-year dividend

has been growing at about 17 reach the top 10 after 10 centage of the over-60s popul because of government

Henning Schulte-Noelle, Allianz chairman, said Asia was an important growth area for the group, which is alming to lift premiums in ance companies account for the region from \$430m at late" coming to Asia. The present to \$1.2bn in 2000. The group reported worldwide income of \$49bn last and an asset management

> in Asia, with premium volumes approaching \$70bn (excluding Japan), is several times larger than in other emerging markets such as

1995 and 2025, he said.

Thomas Kaufmann, president and chief executive officer of Pioneer Allianz, said Allianz had been "rather group established a regional headquarters in Singapore company in Hong Kong in 1996. It now has operations in 14 countries in Asia-Pacific, some through joint ventures with local groups

and others either part or wholly-owned subsidiaries. China, India and Indonesia

#### lation would double between restrictions in the former two countries and the economic crisis in the latter. Philippines and Thailand were now heading the list.

The Asian crisis would knock non-life insurance business in the region by at least 50 per cent, mainly in the industrial sector following the cancellation of large infrastructure projects, Mr Kaufmann said.

Prospects were healthier for the life assurance business and the group was also planning to shift into other areas such as education

# had been priorities, but Croatia to complete Pliva sell-off today

The government of Croatia today begins the sale of a of the shares on the Zagreb final stake in Piiva, eastern stock market between April Europe's biggest pharmaceu-. 8 and 23. ticals company, in the first significant privatisation from central Europe since last autumn's Asian finan-

pean Bank for Reconstruction and Development, is expected to raise about \$250m, making it the coun-

try's biggest privatisation. About one-third of Pliva is already listed on the London stock exchange following the company's initial public offering in early 1996, which raised \$140m.

This time the government is selling almost all the state's remaining 14 per cent holding, the EBRD is reducing its stake from 11 per cent

to 8 per cent. The rest of the company is owned by Croatian pension

funds and banks. Merrill Lynch and Daiwa Europe are global co-ordinators for the issue, which was postponed from late last year in the wake of Asia's finan-

zil, Argentina, Poland, Rus- cial turmoil. accounting for about a quar- Holland farm and construc- already investing heavily. | block of stock aimed at begin.

That represents a 10 per cent discount to the average price

Any Croatian investors taking part will not be able to take immediate profits, however, because the shares of up to 17 per cent of Phiva, is an unusual feature of a which includes a 3 per cent stake being sold by the cent stake by the cent stak will be subject to a twosize of the discount put in place as an incentive.

Pricing and allocations will be announced in mid-

The bulk of the offering is expected to be bought by international investors, with the government keen to attract attention to other planned privatisations, including the sale of 25 per nent of the state telecommunications operator next year.

The sale of the final Pliva stake coincides with the signing of an agreement last week with Parke-Davis, a subsidiary of Warner-Lambert, the US drugs company, to license the Croatian group's discovery of gastrointestinal peptides.

These are organisms in the human intestine that may Last week the finance min- tain infections. The agreeeffect on turnover in its core vehicles arm rose from - the seven fast-expanding stry set a maximum price of ment involves joint research car business. With Brazil L16bn to L140bn. At the New markets where the group is 554 kuna per share for a to enable clinical trials to

have rejected such tactics.

But it is the government's

allies who must be moved. In

theory, it is supported by 70

per cent of congressmen: in

practice, it must trade per-

sonal, local and national

very emotional, which

means there'll be less need

for horse trading," said

Ricardo Ribeiro of MCM, a

Most analysts agree that

while both men will be badly

missed, others will emerge

to fill the gaps they have

As for the reforms, the net

result could be neutral: per-

hans there will be a conclu-

sion of social security before

attention turns to election-

eering in June; progress may

be made on civil service

reform by the end of the

By Friday, this seemed to

be the consensus on stock markets. Shares began to

recover, with the Bovespa

close at 11,728, as investors

turned to fresh concerns

affecting markets in the US.

"The climate in Brasilia is

interests vote by vote.

São Paulo consultancy.

# Samsung and Volvo belp in the treatment of certain infections. The agreedeal

insurance market.

# By Tim Burt in Stockhokn

Volvo, the Swedish automotive group, is close to finalising the acquisition of the construction equipment arm of Samsung Heavy Industries, part of South Korea's largest company.

The deal, likely to be completed within two weeks. will give Volvo Construction Equipment (VCE) its first manufacturing presence in south-east Asia and greatly strengthen its position in industrial excavators.

Contributions from Samsung's business would increase VCE's annual sales by almost 30 per cent to about US\$3bn a year.

Although Volvo first announced it was in talks with Samsung in February. completion of the deal has been delayed by more than six weeks amid wrangling over valuation and the fallout from Asia.

At the weekend, however, Volvo said Bengt Ovlinger, VCE president, was ready to fly to Seoul at short notice to sign the final agreement.

Volvo, advised by UBS, is understood to have agreed that Samsung would retain a minority stake in the construction equipment business following the deal. Samsung would also keep

control of its fork-lift trucks business, which will not be included in the transaction.

# NOTICE TO THE HOLDERS OF **PLEIADES**

# 78090,000,000

Nil Coupon Secured Mandatorily Exchang (the "Notes") exchangeable for shares of common stock of NIPPON SODA CO., LTD.

(the "Shares") Pursuant to Clause 6.6 (ii) of the Trust Deed dated 24 March 1997 (the "Trust Deed") relating to the Notes,

notice is hereby given as follows: In accordance with the resolution of the Board of Directors of Nippon Soda Co., Ltd. (the "Company") adopted at its meetings held on 25 March and 2 April 1998, the Company has issued 19,000,000 new Shares at the issue price of ¥810 per Share which is less than the current market price per Share (as defined in the Trust Deed) on 2 April 1998 (the date the Board of Directors of the Company fixed the said issue price) of ¥1.117.7 per Share.

As a result, the Exchange Price (as so defined) of the Notes has been adjusted pursuant to Clause 6.5.6 of the Trust Deed as set forth below:

Exchange Price before adjustment ¥1,166.0 Exchange Price after adjustement: ¥1.123.1 24 April 1998 Effective Date of adjustment:

27 April 1998 NIPPON SODA CO., LTD.

By: The Chase Manhattan Bank, London Branch as Principal Paying Agent for the Notes

NOMURA GLOBAL FUND

R.C. Luxembourg B 34 075

Notice is hereby given to the shareholders, that the ANNUAL

GENERAL MEETING of shareholders of NOMURA GLOBAL FUND will be held at the registered office on Monday May 4th 1998, at 3:00 p.m. with the following agenda:

. Submission of the reports of the board of directors and of the

2. Approval of the annual accounts and of the statement of

The shareholders are advised that no quarum is required for the

items on the agenda of the Annual General Meeting and that

decisions will be taken on simple majority of the shares present

in order to attend the meeting of NOMURA GLOBAL FUND the

owners of bearer shares will have to deposit their shares five clear

days before the meeting at the registered office of the company

or with NOMURA BANK (LUXEMBOURG) S.A., 6, ovenue Emile

The Board of Directors.

3. Discharge of the Directors and Auditors.

4. Statutory appaintments.

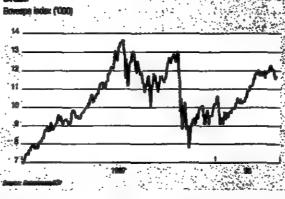
or represented at the meeting.

operations as at December 31st 1997; appropriation of the results.

ened position and optimism the privatisation programme stirred by the prospect of would be delayed," said congressmen rallying behind Alberto Alves Sobrinho of the reforms in a surge of Fair Corretora, a São Paulo It is hard to see how the tions minister and behindmen will be replaced. As the scenes political mover. He had been ill for some

communications minister, Mr Motta was the driving force behind telecoms privatime and markets had tisation, due for completion already priced in the idea next year and expected to raise at least \$30bn. But his political skills will

energetic role in the privatisation of Brazil's massive be missed most. A close ally tainly a lot weaker in Contelephone network. Trading and friend of Mr Cardoso, he gress," said Jorge Kotani of



that delivered a constitutional amendment allowing him to run for a second term at general elections in Octo-

Mr Magalhäes was equally valuable to the government in Congress. He had steered reform of social security and the civil service through their first stages, and would have played a big role in the coming weeks in defeating opposition amendments

"The government is cer-

#### did the deals in Congress Lafis, a São Paulo firm of analysis. "It could be harder for the president to get reelected, which might mean injecting more money into the economy through [votewinning) public works."

But many say markets have been reassured by Mr Cardoso's reaction to the events. He has taken personal responsibility for pushing the reforms ahead and led a chorus of appeals to rebounding 1.35 per cent to Congress to honour the two men by giving them speedy

# Opposition politicians Europe and Asia.

## ESTITUTO MOBILIARE ITALIANO S.D.A.

Headquarters: Viale dell'Arte, 25 Rome, ITALY Paid-up Share Capital: LT 3,000,000,000.000 - Inscribed in the Company Register in Rome no. 10945/91 (Tribunal of Rome) - Inscribed in the Registry of Banks and Passas Company of the IMI Group - Inscribed in the Registry of Banking Groups - Member of the Interbank Deposit Protection Found - Tax code no. 00448420588 VAT no. 00896201001

## SHAREHOLDERS' GENERAL MEETING

Since the attainment of a quorum for the valid convocation of the Ordinary Amatal Shareholders' General Meeting in first call is not assured. Shareholders are informed that the Meeting will be held in second call Thursday, 36 April 1998, at the Company Headquarters in Rome, Viale deil'Aste, 25.

## LEGAL NOTICE

DESCRIPTION ACT 1986 HENDERSON GREENFRIAR INVESTMENT TRUST PLC

fermenty Greenfrier Investme Company Pic jin Members' Valoring Liquidada

pro-recourses valuating Liquidation)
POTICE in HISOSTY (With person to Ride 4.10) of the
Instrument, Raiss 1986 that Christopher John Barbon and
Christopher John Heigher of Coupers & Lybreast,
Furnised Coast, Lundon EOA 4411 were appointed por
Liquidans of the above named Company on 17 April
7988 by the morphism.

The above Company has been placed tota a minest Apailtation process.

If so requested by minister in writing from the sand facel liquidations, such creditors, either personally us by their solutions shall alound at such tone and place as shall be specified by the joint Lequidation to prove their define and claims, in default derived they will be enclasted from the beauther of any distribution matter before their debts, are

Person.

A proof of deta is a document stating the amount of the creditor's claims and faultyect to Rule 4.76 of the bushency Rules 1980; may be in any form. CHRISTOPHER JOHN BARLOW and CHRISTOPHOR JOHN HUGHES (not Legachion NOTE This resize is purely formal. The Company is asked and all known creditors will be or have alread been paid.

whter die of the cars. 45. COPR. 1 September 18 124 3 44 -44 - 2 \_\_\_\_ e Paris 🐞

aramile 🙀 र∵करू है. \* 5 - -----नानाः होत्रः **स्वर्थे** are supposed - Parentina · in her Si Same of the 人名英格勒 -

1 15 SHAT ME ungasi 🙌 was standa 4.59 A STANSON Ebbers gets

MA TEL

أراضينا ببلوسه Mach 1 cant lg 🕷 District #

1. mg. 48 1. S. ☆ 本芸 C 300円 रम्पुर्व हिम्स I alegar · create

SUCHEST STATE MEA ()2

A 1949线

 $\S_{\Xi_{-1}}.$ 

COMPA Hrvatske Z · And the table (R.)

INVESTME mail Comment of the KAGAM

The Contract of the Contract o

A NOT BEAUTIFUL وتأوران ورايات والماسي and the state of the party

Service of Machine Section 1. Kind of the Confidence of

and anyon of والأطور موالا والمراج والمحال المراج الإسارة - -- and on public The same of the same for the same of the sa 4 +44 84 56.5

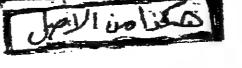
, francis 1 July 11 199 100 2755 755 er particulates a

CONTRA

M. . .

يهيدن د -

ANNOUNCEMENT FROM OF PRIME MINISTER the of Antine of Physics



عكذامن الاحل

LONES MONDAY STREET

# Allianz

1.57

 $1.0\, \rm pg$ 

Sherrer Torner Co. atan in the an in . . i, e. mi. althor ment was put the second of

armanifestants of survey.

the semental terms

in annar de la co

The will be made a se

भीग भेगारी कार्यक तार्यक

المراجع المجا

A \$450

à la chien appraise par c albular em lister stårer. Danne i til

angli indi Nila and A

Samsung a gradiant of gradient

tion of parties from

na nggarangawangan di Pilipina.

46 St. 4"

SPRANTE MALLER TO Acres Services

PROPERTY.

of the Brown Bergericht as its THE PARTY STATE AND ADDRESS OF THE PARTY STATE OF T

# ture extends. Cummins to invest in lighter diesel engines

the world's biggest maker of by early next century large diesel engines, is to account for a fifth of sales. announce a large investment in new, lightweight engines that will greatly extend its product range. The new products, to be

made worldwide in collaboration with a group of existing manufacturers of small engines, will be suited for powering "compact" construction machines and other small diesel-powered vehicles for which demand is growing.

The move will increase tha competition between Cummins and its arch-rival Perkins, a UK-based maker of diesel engines bought last year for \$1.3bn by Caterpillar of the US, the world's higgest maker of earth-moving equipment

Perkins has traditionally had a bigger presence in making smaller types of diesel engines than Cummins. Caterpillar bought the company partly to help its own ested in using small engines

Cummins Engine of the US, business, which it hopes will tors and light pick-up trucks.

Jim Henderson, Cummins chairman and chief executive, said investment in the new engine types would run to "a few tens of millions" of dollars. Revenues generated could reach more than \$100m a year within a few years, compared with sales of \$5.6bm.last year.

"Compact" construction machines such as mini-excavators and skid-steer loaders are used by organisations such as road maintenance companies and local councils for jobs traditionally done by a man with a shovel. With development of these

machines led during the 1980s by Japanese companies such as Kubota and Hitachi. annual world sales add up to about \$3.5bn and are growing much faster than other parts of the construction equipment industry. Cummins is also inter-

move into the "compact" end to power other types of of the construction machine vehicle such as "mini" trac-

Mr Henderson said one reason why Cummins' investment in the new engine types was relatively small was that it would use the expertise of partners ~ which already make small engines - with which it is negotiating. The names of these companies have so far not been disclosed.

The engines themselves could be made both in Cummins' own plants and its partners. Mr Henderson said some of the new engines could appeal to makers of earth-moving and other machines which currently use Perkins engines, but which might be put off ordering them for competitive reasons because of Per-

kins' new owner. Some analysts suggest Perkins might find some construction equipment customthat Caterpillar has such a

# Ebbers gets \$17m bonus

By Richard Waters in New York salary for 1997 jumped to

Bernard Ebbers, chief executive of WorldCom, was paid a \$17m cash bonus last year, one of the largest made to an American executive.

However, like many other US executives, he has already earned far larger paper profits from stock options, and currently owns or has options over stock worth some \$750m.

According to the company's annual proxy statement. Mr Ebberg' bonus and

nearly \$18m in total last year, up from \$3.28m in 1996. Much of the increase was tied to WorldCom's pending merger with MCI Communications: Mr Ebbers earned \$13m of his bonus by meeting a pro forma revenue goal set the year before, the com-

pany said. Outside the financial industry, large cash bonuses remain relatively rare. Among the largest last year were the \$5.5m paid to Jack Welch, chairman of General

Electric, and the \$4.5m bonus of Lou Gerstner, chairman of IRM.

Most companies have put more emphasis on stock options or other share plans as a way both to reward and motivate cenior coccurives.

Mr Ebbers, who in 13 years as chief executive has turned WorldCom into one of the best-performing US stocks, controls 16.92m shares in the company, including stock owned by his family or covered by options, according to the regulatory filing.

#### CROSS BORDER M&A DEALS BIDDER/INVESTOR TARGET ECTOR COMMENT VALUE Courtaulds (UK) New world No. 1 Consolidation CASC (LIK) Tracor (US) Electronics Carnrick Labs (US) Elen Corp (ireland) Swift US millers \$375m Pharmacourticals BBA (UK) International Paper (US) Fabrica Non-woven move Vara (UK) Cable equipment \$156m Bid war loom's Oliver Ashworth (UK) Rott-on buy Goldfarb (Canada) House autoff

## COMPANY NOTICES



. By the Mark of Cockbols

# Hrvatske Željeznice

INVITATION TO TENDER FOR

AUDIT OF CROATIAN RAILWAYS FINANCIAL STATEMENTS FOR 1997

Creatian Railways invites qualified auditing finus to tender for audit of financial sta financial year 1997. The selected firm will provide the following services: ancial studit of the internal forms for anotal financial statements for each important unit of the Crossian

The tender documentation and all other relevant information regarding the tender can be obtained at HŽ - Hrvatske Željeznice, Finance and controlling, Mihanovikeva 12, Zagreb, Croatia.

3.2. Description of the firm including information on business activities and experience in Crossia; 3.3. List of clients from Croatia and experience regarding audit of Croatian companies,

 The firm's approach to the audit of the Croatian Railways; 3.6. C.V. of the auditing team members (including education and experience, nationality, experience in Crossis

3.9. The schedule of the auditing.

ion of the tenders will be accomplished by the five member Commission appointed by the

4.3. The criteria for the selection of the best bidder are: bidder's appress, including experience and experts within Croatia, expermess in railway busi

international reputation and experience of the audit team;

deadline for the accomplishment of the audit and auditing report.

"NE OTVARATI - DO NOT OPEN - TENDER FOR AUDIT OF FINANCIAL STATEMENTS FOR 1997."

All bidders will be notified about the selected tender and appointment of the studitor within 8 days after the

# **CONTRACTS & TENDERS**

ANNOUNCEMENT FROM PRIVATISATION ADMINISTRATION -OF PRIME MINISTRY OF THE REPUBLIC OF TURKEY

BIDDING DEADLINE OF PRIVATISATION OF PETROL OFISI A.Ş. (POAŞ) HAS BEEN EXTENDED.

The bidding deadline mentioned as May 7, 1998 in the section 4 of tender announcement dated March 17, 1998 for the privatisation of POAS via block sale of 51% of the paid-in capital is extended to May 18, 1998 at 5:00 pm.



# BT Alex **Brown** names

managers By William Lewis In New York

Bankers Trust, the US bank holding company, yesterday formally took control of Nat-West Markets' equities research, institutional sales and trading and primary markets origination business

in Europe. On Sunday the \$129m cash purchase from National Westminster Bank of its European cash equities business was closed and today 800 former NatWest Markets staff will begin working for BT Alex Brown, the new brand name of Bankers Trust's investment banking arm world-wide.

Yves de Balmann, cochairman of BT Alex.Brown said Bankers Trust intended to integrate NatWest Markets staff and that the bank would put in place "an organisational structure that reflects our view of investment banking as a fully inte grated global business".

The staff will today be told that Joe Lafferty, formerly head of global equity at Nat-West Markets, has been appointed co-head of global equities sales and trading alongside Bruce Brandaleone of BT Alex.Brown. Mr Lafferty will also have responsibility for European equity primary markets and UK corporate stockbroking.

Both executives will report to Ted Virtue, head of global corporate finance and president of BT Alex.Brown. Don Johnston and Graham Clempson, both BT Alex.Brown executives, have been appointed co-heads of European investment banking, integrating finance, country coverage and industry groups. They will also report to Mr Virtue.

Sales and trading in European equities will report to Edmond Warner, formerly at NatWest Markets, who will report to Mr Lafferty. Reporting to Mr Warner will be Nick Bowers, head of sales, Richard Sharp, bead of sales/trading, end Mike Pauk and Steve Kendall, who will continue to run customer facilitation.

Wood Mackenzie, Which NatWest acquired from Hill Samuel in 1987, is to be retained as a separate divi-

tinue as chairman of Bankers Trust France, and Donald Bryden has been appointed chief executive officer with responsibility for stretegy in the French

CHICAGO WORLD'S BIGGEST OPTIONS MARKET IS IN ENVIABLE GOOD SHAPE

# Unruffled by winds of change

By Nikki Tait in Chicago

Futures exchanges, big and small, are caught in a competitive maelstrom, under pressure to cut costs and gest options market, cele- has had one big advantage week in conditions that look

enviably benign. In large part, this is due to the relentless rise of Wall Street and the growth of ing has become a genuine US. CBOE's business has equity options business ramped up accordingly; in 1997 it traded about 187m stock market movements. contracts, up 8 per cent on 1996. Seat prices have surged, topping \$700,000 this year before slipping to about \$670,000 at present. That compares with \$10,000 when

the exchange was launched in 1973. futures exchanges that are agonising over whether to replace their traditional "open-outcry" pit-based trading by electronic, screenbased systems, CBOE has managed to use technology without undercutting its traditional floor. About 80 per cent of orders flowing into the market are now generated electronically, although

through the pits.

But even CBOE cannot escape the winds of change blowing through the financial services sector. A possible merger between the American Stock Exchange and Nasdaq could mean that the Amex options market becomes a bigger competitive threat - particularly if automated Nasdaq's approach pushes the technology timetable.

At present, Amex ranks 10 year benchmark bond yields number two to CBOE in equity options, and CBOE

index options business. Moreover, even at CBOE, cope with a globalising it is questionable how long financial services industry. the current blend of old But at least one derivatives style/new style trading will exchange is smiling the Chi-cago Board Options Brodsky, CBOE chairman, Exchange, the world's big- admits that the exchange brated its 25th birthday last over the futures industry. While the latter is having to cope with globalisation, particularly financial products. where round-the-clock tradequity-related wealth in the customer requirement, remains pegged to domestic

> "The current frenzy [alliances between futures exchanges) is really one that relates to after-hours trading," he notes. "That makes sense because you have this global business,"

That same trend, he Moreover, unlike the admits, may eventually affect options markets, as share ownership internationalises and after-hours trading in shares becomes a bigger business. But, he reveals, CBOE is looking at the possibility of screen based trading after-hours for its index products. Electronic trading might then be extended to products during pit hours. If thought desirable, such systems could be introduced in late-1998 or early 1999.

"I don't know how much of a market there is for our Right now, they're sort of product after-hours - I think it's very limited at present." stocks we trade are domestic, and ... we don't see ourselves trading a lot of stocks in Europe or Asia. But on indices, there may be some

A Nasdaq/Amex tie-up to leave Philadelphia but the big problems were."

commands virtually all the

is today.

challenge, he concedes. "We don't know that it's going to go through. The vote at the Amex is at the end of May and we hear there's a lot of opposition to it. So I can only say that if it was to go through, Amex would conceivably be stronger under the Nasdaq umbrella than it

But already, there has

been speculation that CBOE might try to bolster its position through an alliance. It is no secret that it has talked more thinly-traded equity to the Philadelphia Stock Exchange, which is effectively controlled by its options floor. "We've made some offers and we'll continue to work with them. entertaining ideas."

But Amex is also in the he speculates. "Most of the hunt, and Mr Brodsky is strategies in stock index cagey. "You've to remember that [Philadelphia's] prime goal, I think, is to stay put and stay independent. Also, we have to be realistic and say that if people don't want

would present an additional find that they must, it's a lot easier to commute to New York on a daily train than fly to Chicago."

Perhaps the biggest cloud on CBOE's horizon is the possibility of a serious setback in the US stock market. While the 1987 crash caused problems for the big futures exchanges, it decimated business at CBOE, Many customers faced huge losses: tually settled) accused CBOE of mishandling events; and as business dried up, traders

quit the floor. Could the scenario be anticipate," says Mr Brodsky. "The reason our business dropped off so much after the 1987 crash was that customers were doing risky options - selling puts, and with what was going on then

# Kellogg downbeat about outlook

By Mikki Tait in Chicago

Competition in its core US domestic market caused Kellogg, the Michigan-based interest expenses, were 7.8 cereals manufacturer, to per cent higher, at \$298.8m. report a 6 per cent fall in double-digit full-year earnings per share could be diffi- volumes.

cult to achieve.

However, earnings per cents previously - a cent by others in the US cereal better than analysts, on average, had been forecast-

the research company. After-tax profits were up the quarter, and that Kellogg 6.3 per cent at \$170.7m, while operatings profits, before future volumes. But he stressed that

Group sales declined 2.7 cent decline in

Arnoid Langbo, chairman, biggest markets had been "exceptionally intense", and share rose 10.5 per cent to 42 cited a "perticularly high cents, compared with 38 level of promotional activity

volumes towards the end of the same period last year. was "optimistic" about

adverse foreign currency ume, in spite of various movements and a continua- plant closures, and excess volumes during the first per cent to \$1.64bn, which tion of the recent competi-quarter and warn that Kellogg said reflected a 6 per tion might leave earnings tion in the US cereals mar-

"While we anticipate Its shares fall on the news, said that the competitive strong growth in the second closing the week \$1% down environment in some of the half of the year, achievement share growth for the full year...might be difficult."

Analysis had been looking been some improvement in compared with 41 cents for nificant factor.

Forecasts for the full year

Sluggish underlying voiket has been interse fo some time. This led to sharp price cuts in 1996.

umes appearing to grow

However, competition category". for Kellogs to make about 43 from the private label cere-He added that there had cents in the second quarter, als market remained a sigfrom the private label cere-

71,4900 39,5950 7925,00 3000,00 0,3109 1200,00 0,7116 1,7457 1774,45 39.6208 22.1105 4414.30 1671.03 0.1732 668.412 0.3864 2.0639 168.386 2,0606 0,4580 2,0606 4,5901 2,0634 12,0634 1354,23 1853,07 1,9824 459,414 1,9084 1,218 35,4754 127,594 3,5920 1,993,54 1,8383 1, E. (E. Cardo S.)
(E. Cardo S.)
(E. Cardo S.)
(Cardo S.) 78.6450 59.5700 1.5382 2.2000 1364.00 0.3052 2016.38 335.303 0.7939 64.936 6.4613 235.303 255.235 4.6113 336.303 707.623 140.130 235.303 140.130 235.303 140.130 235.303 140.130 235.303 1.5039 96.0018 1.5039 96.0018 1.5039 96.0018 1.5039 1.5039 96.0018 1.5039 96.0018 1.5039 96.0018 1.5039 96.0018 1.5039 1. 0.3281 849 830 9.5570 0.2570 0.2136 0.8325 2.2278 20.8467 3347.80 0.9815 2542.43 8.4253 1.9884 0.6387 2.4907 8.5948 61.7635 2009 00 0.5880 1525.70 5.0680 1 0.3635 1 4647 3.9895 37.0670 13,3404 94,6058 6496,64 43,3447 6,2720 18,613 1000,13 0,5568 10,001 320,165 326,104 14,1129 7,962 10,001 13,007,72 4,4903 14,213 14,913 14,913 14,913 14,913 14,913 14,913 14,913 14,913 14,913 8.0055 58.8028 500.000 185.950 28.0110 3.7638 11.770 0.9842 6.0197 175.945 22.7700 8.4690 4.7290 6.0197 794.760 2.7700 8.7256 11485.0

IN A CHANGING WORLD ROYAL MAIL HELPS YOUR BUSINESS BECOME FIRST RATE - WE ALL RESPOND TO A LETTER



# MARKETS WEEK

BANKFURT

leal could dent market

investors is likely to be

Volkswagen's fresh bid for

Roll-Royce Motor Cars of the

UK. VW's supervisory board.

nent's revised

met on Saturday to discuss

offer for the UK houry

The Bundesbank is

rates unchanged at its

expected to leave interest

car-maker.

A further have concerning

confidence to the erro.

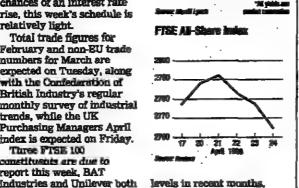
ING BARINGS

April 27 - May 3



#### Benchmark yieki curve By John Authers US markets last week stepped back slightly from their frantic pace of the 24/4/1998 previous three months, with - Worth ago the main equity indices slipping, as the yield on Treasury bonds rose. By the end of the weel the Dow Jones Industrial Average of 30 large companies had slipped from 9,167.5 to 9,064.2, while the yield on the 30-year Treasury bond continued its swift retreat from the record lows recorded earlier this year. It moved from 5.87 to 5.94 per cent during the week. Thursday could see the greatest movement on the bond market, as a series of important economic economic growth. This is statistics are released. These expected to show an annual will include the employment growth rate of 3.5 per cent. If cost index for the first quarter, which is expected to this is the case, it could be seen as evidence that the have increased by 1 per cent year on year. Asian crisis has not imposed a sufficient deflator on US economic growth, and would market will receive the increase speculation that the advance report for first Fed will seek to tighten ouarter gross domestic product, the key indicator of monetary policy.

LONDON	Beschmark yield cerve (%)*	FRANKFURT
By Stave Thompson	7.50	By Graham Bowley
After the long list of crucial economic data released last week, mostly indicating a slowdown in the demestic economy and generally viewed as reducing the chances of an interest rate rise, this week's schedule is relatively light.  Total trade figures for February and non-EU trade numbers for March ere expected on Tuesday, along	6.50 6.50 6.50 6.50 6.50 6.50 6.50 6.50	German markets this we are likely to be concerne with the issue of who wi head the European centr bank ahead of the key meeting of European hea of government on Saturd The Bundesbank continues to express reluctance to a potential which would see Winn Duisenberg, Dutch presid of the European Moneton
	7節.	



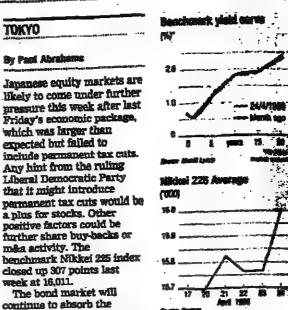
notably banks, drugs, insurances and oils.

Those areas of London's equity market were given a thorough shaking last week despite the perceived more positive outlook for domesti interest rates, which should have helped banking and insurance areas.

400-00-00-00-00-00-00-00-00-00-00-00-00-	(A)
By Graham Bowley	575
German markets this week are likely to be concerned	45
with the issue of who will	2/5
head the European central	- Kesh up
bank ahead of the key meeting of European heads	275
of government on Saturday.	8 16 years 20 30 16 justin par
The Bundesbank	
continues to express reinctance to a potential deal	Dust Index
which would see Wim	
Duisenberg, Dutch president of the European Monetary	
Institute, stepping down half	-
way through an eight-year	700
term to clear the way for Jean-Claude Trichet.	526
governor of the Bank of	
France. Analysts fear such a	17 29 21 22 23 34

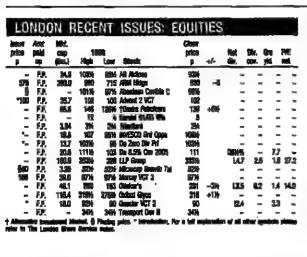
Thursday. Figures published on Friday showed subdued inflationary pressures, underlining the present

eakness of retail demand Other corporate news is expected, tomorrow, from Deutsche Telekom, and on Wednesday from airline



implications of the package. However, prices are likely to be supported by further grim economic data this week. Industrial production figures for March - due tomorrow are expected to be down about 3 per cent year on year. March retail sales data are also scheduled on the same day, with sales expected to fall as much as 18 per cent. Unemployment

figures for the same monthare also due and are expected to reach a record 3.8 per cent. On Thursday data on housing starts for March are predicted to show a fall year on year of more. than 10 per cent, and on Friday the consumer price index is expected to indicate a 2.1 per cent rise in March.



p up date Mpb Low Steek price p +00* 29 M3 13/5 13/600 14/600 Bidenan Peet 115/500 29 M3 13/5 17/600 Syn Bidenay Carp 12/600 -10 22 M3 13/5 1000 Syn Memoria W & Gas 24/600 -10 46 M3 7/5 10/400 Stigue Memoria W & Gas 24/600 -10 47 M3 7/5 10/400 Stigue Memoria W & Gas 14/600 48 M3 7/5 10/400 Stigue Memoria W & Gas 14/600 49 M Carp W of	p up date high Low Sheek price p 447- 20 M3 1345 1346pts 10Hyper Gelenses Peek 1135pt 29 M1 1245 17Hyper Sym Memory Corp 1245pt -46 28 M1 1355 10pt Sym Memory Corp 1245pt -46 40 M1 775 16Hyper Shiper Relations Tech 14Hyper 25 provides.  FISE GOLD MINIES INDEX	grice grice	Amoust paid	Eastern Parkers	191	_ ′			-	
29 M 19/5 17/4pm Syn Mencry Corp 12/4pm -N 22 M 19/5 10ph Nam Mencry Life Syl 12/4pm -N 40 M 75 10Mpm Silpe Anticos Tech 14/4pm -N pm presiden.  FISE GOLD MINES INDEX  14 cby 16 of	29 M 1895 17Nom Sym Memory Corp 1296ym -16 28 M 1395 10Nn Iya Memory Corp 1296ym -16 40 M 775 10Nnor Stilpe Memory I il Cor. Properties.  FISE GOLD MINES INDEX  Age shear Military Sold Grown do 796 82 week.	1	<u> </u>				Steek		price	+01-
FTSE GOLD MINES INDEX	FTSE GOLD MINES INDEX	20 52 40		18/5	1716pm 10pm	Speci Speci	Menay Cor		1256pt 954pt	n -∺ n -∺
% che % of	% cby % of Apr shape Military Sold Green dir PME SE week		-							
			E GOI	D MI	NES I	NDEX	****			
Gold Affines Indica (102) 1238.42 +555 38.48 199.00 1.83 - 1010.00 801.25		FTS		Apr 21	% chg shop 31/1267	Milit Days Silver	% of East Green Mann yield	% ratio	Night	
III Regional Indians		Gold After	es hains (i	Apr 20 10) 1228.	% chg shap 31/12/57 A2 +25.5	Mic Day Sinc 38.48	% of Sold Green Billion yield 100.00 1.23	% rulio	1816.63	A91,22
III Registrad Indiaes Africa (14) 1439.54 +30.3 9.86 36.97 3.76 31.81 1684.25 921.76	Addes (14) 1439.54 +30.3 9.86 35.97 3.76 31.81 1684.25 921.78	Gold Affe	es builes (i mileos	Apr 20 10) 1236.	% chg shap 31/12/57 A2 +85.5 54 +30.3	1012 Gap Siles 38.43 9.86	95. of Spic Green Hillson yield 198.00 1.83 25.07 3.74	% ratio - 31,81	1896.83 1884.25	<b>891.23</b> 921.78
III Registrad Indiaes Africa (14) 1439.54 +30.3 9.86 36.97 3.76 31.81 1684.25 921.76	Addica (14) 1438.54 +30.3 9.88 28.97 3.76 31.81 1884.25 921.78 Australiedu (7) 1593.37 +37.8 4.89 11.97 2.11 21.92 1893.53 933.63	Gold Atta in Region Addos (14 Australesi	ns Indian (i milians)	Apr 20 123 1128. 1439. 1581.	% che shoot 31/13/57 A2 +85.5 54 +30,3 37 +37,8	101 Day 30x 30.43 9.85 4.50	% of Sold Green Bold Green Blown yield 198.69 1.85 25.67 3.76 11.57 2.11	% ratio - 31.81 21.82	1814.55 1854.52	<b>891.23</b> 921.78

STOCK INDICES

with the Confederation of

British Industry's regular

trends, while the UK

Three FTSE 100

anstituscus are due to

amouncing first-quarter

numbers on Friday and

Allied Domecq unveiling

neetings are scheduled,

in the forefront of the

RIGHTS OFFERS

market's surge to record

interim results on Thursday

But a whole raft of annual

featuring many of the stocks

and sectors that bave been

report this week, BAT

monthly survey of industrial

Purchasing Managers April

index is expected on Friday.





FINANCIAL TIMES Conferences

#### THE 3RD ANNUAL WORLD ALUMINIUM CONFERENCE Strategies for Developed and Emerging Markets 15 & 16 June 1998, Hotel Inter-Continental, London

Intensifying competition and volatile emerging markets are forcing a radical re-think of business strategy amongst aluminism produc The aftershocks of the orisis in Asia, together with telescoping product life-cycles in emerging markets, must swely impact the paradigms cess in the new century. Cun industry leading even be sure of the major markets in their own backyard?

## SPEAKERS ACCEPTANCES

Mr Jucques Bougle President and Chief Executive Office Mr François Pravosi Managing Director

Mr Pull M Emeand

ACRE (Aluminium Can Recycling Europe) Mr Juke Nevton

Mr David E King

Senior Fice President and	Managing Director	Chief Executive
General Manager, Altonintum Division	SECO Aluminium Lui	London Mond Backmage
SNC-LAVALIN Group Inc		
	The	argunksers reserve the right to alter the programme as may be measure;
THE 3RD ANNUAL WORLD ALUMINIUM CONFERE		SARE MYANIE IN ADVANCE 215449
IS & IS JUNE 1970, BOWN COMMAND		Please stall are conference details
McMccMins/Mc/Or First Name		Please reserve que pitote as dec Jul Americ World Abstillation Conference es dec rule of 1934,17 (1795,180 pins UK VAT et 17.9%)
Securité		Penny part that so the confinence in being held in the UK all sugarouss an initie to pay UK VAT at 17.5%. A VAT resulpt will be team on payment of the equatorion for.
Department		Chapter exchangl made populate to "FT Conferences"
Company/Organisation		Bank Templar to- FT Conferences, Mildland Bank pile, City of Louden Corporate Office, Agonati Namber: 71001005
Address		Sert Code: 40-02-50, International SWIFT Code: MIDI, GB22
City		plane (mas Adequie nume as influence) Peane chassa ser AMESFOlocco/Manus Canti Visa vedi. E
Postcode Country	C=4	
Tel Fien		y Date: Sportner of Cardindine
Type of Business	Sajin	ORT Desc
Data Propingion Act: The information you provide will be hald on our dat advanced of our, and are reported congruent "products, and for earliers	ليم بين       وونودة 10 أدن با رحد أحد ساحداها	tindam Pulgy; Cancellusions repet he read-off in welding Manches; I Jam 1990, and will doct to a 2017, one flated to the clean a wholehold delegate he offered. After this design, the glateration for 201 apply; however, physical and will be a manghed.

# **COMPANIES DIARY**

# **SmithKline** meeting could be revealing

With few UK companies expected to report this week, investor attention is likely to remain firmly focused on the stream of trading statements set to come from the large British Aerospace and Vickers AGMs on Wednesday could put the issues of the trength of sterling and consolidation in the defence industry in the spotlight. The SmithKline Beecham AGM on Tuesday could bring more news of why the merger talks with Glazo Wellcome broke down. Jan. Leschly, chief executive of committee of the UK House of Commons that Glaw had wanted him to stand down.

## TUESDAY

Banco Santander, the Spanish bank, is expected to report a rise in first-quarter net profit to Pta30hn = Pta34.4bn from Pta24.8bn. according to analysts.

Forecasts range from Pta30bn by Schroders to Pta34.4bm at Central Hispano Bolsa, with Argentaria's estimate coming in at Pta32.5bn.

"Earnings will be fuelled by sharp growth in all the bank's main operating areas," says Carios Garcia, analyst at CH Bolsa. I'm looking for a 45 per cent increase in net interest income, lifted largely by. strong growth from its Latin American operations, and

He said risk quality would show improvement because of the provisions made last year against the bank's risks in Latin America, and because of improvements in

because of the coppolidation of acquisitions, although growth in normal income

would offset this. commission income growth, earlier would also help the drugs.

 Astra, the Swedish pharmaceuticals group, is expected to report first-quarter pre-tax profits of between SKr3.46bn and SKr4.28bn, compared with SKr8.46bn

sharp increase, largely the weakness of the year-ago

With figures for US sales of the big-selling Losec treatment for ulcers already pub-They said first-quarter lished, attention will focus on sales in Europe, where of about 80 per cent from the the product is under pres-Pta46.8bn reported a year sure from imports of similar

## THURSDAY

Olivetti, the Italian telecommunications and information technology group, is

Analysts say they expect extraordinary gains from the sale of the group's stake in Omnitel-Pronto Italia and Infostrada to Mannesmann. which effectively amounted to a recapitalisation of the

CUMMINGS

Roberto Odierna, at Banca Commerciale Italiana, says he expects Olivetti to post a net profit of L22bn, after extraordinary income of L1.119bn from the stake sales and one-off costs of L300bn for restructuring. Simone Cennini of Uniprof Analysts say sales and expected to post a 1997 net is forecasting net profits of

Analysis also warned that profit growth will appear profit of L7bn-L30bn.

operating cost			W 1		ecial	ly stron	ag pecanise of	against a net	JOBE 1	of L9	uon, 15bn	ing	pro	L30bil, fits of L	from operat- 120bn.
NEW INTER	BNA	TION	AL I	BONE	15	SUES									
Personal Control of the Control of t	Π,	illion	C E	Pilot	*	Sheet ph	Book-Opmer	Bonner	Acquari	Milety	Coupon	Pilos	Yeald	Laterch Spread by	Book receive
IS DOLLARS								EUROSid							
Ford Motor Credit Comp Ford Motor Credit Compt Qualsole Hypothit; Fotos Bankot Showers France Gurman Motors Com	154	Apr 2000 May 200 May 200 May 200		99.98 99.99 99.99 99.77/18	-	-	Salanton Smith Denny Salanton Smith Berny ABN Associties than 28 Marië Lynch Ind ABN Associ Boar Sacram Mariell	Firsten of Sweletil Busin Hydecido Oliviti International Biothecide Hypothy Sectional International Its	200 900 250 100	Jee 2006 May 2001 Jef 2000 Dct 2001	800 5875 4740 4740	100.05R	6.149- 5.949- 4.389 4.481	+365(5%Akar01 +128(4) 2, ba03 +965(2,000) +965(3,000)	JPM/Pudme/SBCNER  Crose Manhetes Infl  Lohnan Brathers  Crit Agricule Induses:  Parities
Gereral Motors Care	500			99,5187	S.AAtt	1775 Habit	Rest Shootelijerdii	Business Business	168	April 5000	7,125	91.95ER	7,150	+288(474,1400)	Westerman
General Motors Com Procter & Reside Co (CW Industrial François)	90 90 90	76 80			6836 6136 590e	+895 - Hox 27 +405-2 f 8000	Bear Stetens&lentil JP Mogas Securities	AUSTRALIAR DOLLARS Theoret Australia Bank Topola Fisance Australia(a)	100 160	Dec 2002 Feb 2003	5-41 5-51	101.165 101.06	5210	-	TO Securities HBC OS Global Machaba
CECC Authoriza Madeland Mains	3				5.07	4185747801 41554-Eddi	SSC Wastury DR. Il Displayfood schools Date:	CHANGAI DOLLARS						_	
Holorous Medicinal Philips (AC)	37		530 535	里 55日 第175日	6.515 5.934	-775 zHarcs -215 zHarcs	SSC Wastery DR. Danischellungson Den Deutsche/SSCHOR . ASM Accordances tell	CRC; NEW ZEALAND COLLARS	20	May 2003	Ħ	99.555R	-	•	CIBC Wood Davidy
Red Waterschapestuniée Louis & Communicationally & LB Rheinbard-Polic	250 201 301	May 200 May 200	SEE	第7年 第5年 第7年	<b>3.180</b> 4	1350E 1 1600	ABM AustriSalomon 38 Salomon Smith Barney B Stances/Oreston 181	Buyerische Vereinsbank LUNGMEGUNG FRANCS	100	May 2011)	1.25()	101,025	7,550	•	TO Socialities
Asia Palp and Papagigi Republic of Pasana Republic of Coulo Rico.	383	年 300	S-LANS	100.00 100.00 100.00	8.2164 8.300	+235(M 5 <sub>[1]</sub>	Solims: Sacies PLatering Brothers (SSR)	CHAIR CHRISCOL SMEDISH MACHINE	24	74 305	5,800	162.12	4.05	-	Artesia Basic Lys.
Consumbately Reviews Total Couply	180		575	98.550P	ut;	-300H 9kg	Commerciants Margan Study Off	Coldit Local de France South African Rang	510	No. 203	5.25%)	101.90	ᄲ	-	BL,
DAMPES CS Francial Producings; SPT Telecon(Carci Region Carciania Sant);		orderi Ng 200 Ng Cil		多位 第16年		11057 <sub>4</sub> , Janua 180974, Janua 180974, January	CSFB Desipcie Stade ASE Apop	Delimint Boaz Intl France European Investment Book SELEMO FRANCS France Lean Invest-1, ASDIX	30	May 2002 May 2003	12.25	95.781R 101.777 108.00R	12.86	:	SC NEC DS Stated Manages
STEPLING British Seelink	_	L-4	100	A 170	2.634	. New Plant	HSBC Markets	RUSSAN ROUBLES	-		4-4	I mit (MI)	•	•	Deutsche Wederbank
Entres in part (mile)							H29C peoples	Mar-American Dev Busique Fixed terms, non-catable	300 Haless	May 2000	31.00	99.33R	-		CSFR
Savenericus Ingl Funding ( Doubsche France Hefter) Agenteile Blakel France (COO) YES	- 36		5.E	整介领 集成家 集织家 集实政	538 510 537 537 538	のでは	Pedito; Desirche Bask Planes. CDC Marchije SS	Inter-American Der Bentigt; Final hermas, neut-catable in Ver Sand wannegen. Stocke  Ver Sand wannegen. Stocke  Catabas und Vieldt. Fr. Benet.  Liber - G-Fugh to 111,5506.  18 par., et ) 57% to 6,5506.  18 par., et ) 18 par., et )  18 p	re-office fre-office free +2 fr Ecu y fr Ecu y	#Floreting-or or price. a) Stip. c) 3- oter to Era M325re io 3-rath Lib & Gazatel	3-10th 3-10th pulls (1) o. Sprin terrefred or +790	e. 69950: 1.05cr +,2; or +100p, nd relates 15/4/98 J bp. in Pa	Equity  A. b) Co d) Payre to Fren increase	marrante with the post file of the post	proj iz istench poppies Intichel "(Sand-breeth 19 et per, bi) 3-peth Convertibility condition bonds. O Rangible with a. Callable Iron 8/5/08. to Erne. Pue 22 days
Lly Feeding, Class ANCS; Lly Feeding, Class AZES; Lly Feeding, Class SQS; (Du) Mil LIPE	45ks 35ks 11ks	神 海	800		:	:	B. International B.I International 19.1 International	14 Fungitie wills \$500m, i will Didt_Sim span Gra Ber-35 and the ASC min reddential energyspas. On 2,6 yrs. (2) Av like: 5.6 y	Plus 76 L c) R 4%, co picator: 13. 3-co	days acon ademption ax 44%, p Cals de A th Ubor +	Baland Codes Contra Contra Contra	ong 191 c to conve tiche Pla tel Madita tel Madita	ra arva. Impon. Importo Indialet. Indialet.	un apper grae. mij Spane cal between Mile dj Gunsturly. Lagad restaris Sen 2 meth 11	Piler VO Geys accessor. I provision. oj Punglisio 1-30, Dax-30, Car-40, 1/5 Secured on Special 1/7 26/1/23, rl) /v Zirc box 4/53a, 7/5 van st
Aussian Federalisakoj Socialis Gistriakoj GUL DENS	730m		3.65	66.76 19.56 19.56	135	1 <u>ctolorde</u>	Calcin Hages Suc Calcin	Stort 1st corpor. () Calls 153.27%. Callsble from Fungible with \$500m. Pt 98.71R. swaps +43.6tm. v	10401 30401 16 87 (	r 5 yrs at , adbject tays accep Liber (=)	per, us to 1567 od. to)	Commercial Se hundle, 3-mith Lib	at ac	USIN at \$17.9 Stad value. ( Sp. x) include	78. Redestgijos priot: Greenshov: \$100m. v) IS L25000 increase el
Resear France de France)() PESE VAS					520		/Ell Japa	Libor +1(thp. B) 24.5837h Secured on Japanese con 5-min Libor +650p. (2) 9	peid o possio i	a 7/5/98 : seea. Origi tor +35bp.	20 (3) (20) (3) (20) (4)	gener with 6 ge 7/6/ natustrial S rish Liber	199. Inci 199. Inci 1991: at 1900:	en rus of d lates £75m t Japan Lagai Di Saccont	ero accessed. A) 3-mile hosense at SpuisiR. C) motorby: Aug (22, C1) at Ralation professional
TDA No 4, Class AR(1,4) TDA No 4, Class AR(2); Buildings	Tibe:	年 200 年 200 10 200	12.0	190.00	:		l Stans/Elifence I Shore/Elifence Harliff Hogas	ungamin: Kredelmerk, Ci Jihin 4325p. (12) Class ft: Tinkie aus calaciated on i	BF:1,0 SWA be	1914 27/4/1) 76n, 3-1216 1914	H at pa	. Ar Ble: •38bp to	4.32 yes Apr D4,	101) 3-min Then +76bp.	Ubor +160g to Apr 04, 4.85 yes, park, Note.

titur # congress Laderille Laderille Laderille Laderille Laderille 4 FV 6 team in

F was

the struggle to

p Corneva this

posed contract potentially clayart the recent market

**23**( . . .

40 -

-

1911 1912 3 300 14  $A^{\frac{1}{2}}\Psi$  $\{t_{n,d_n,d}\}$ of the late The IN RAGING ! Charles 1988 1111 1 17. 1969 1

4,1917,737,16

4) 1230 Hz 1.22 Charles 14 e it is 24.01.74 Proc. Inproced . . . [ Ivin to the lines we IR FIE that of margit. Course 10 Light 100 7-17 12-0 वरेती क्र to happing CONTRACT CONTRACTOR

Fr Example

., the dist

- -

A DESCRIPTION 1.50 0 and again C. 1. . . . . ्याप्यम्य हे بستهادؤات أأ 11-2 3: (.4;) 1.451

bear felling a A CARLO CONTRACTOR Control Control

Approximately to 1144. 1

illig Age

111114

Section 4

Martin M



# ASIAN FINANCIAL MARKETS

The struggle to restore growth will dominate discussions among top regional financial officials in Geneva this week, writes **Peter Montagnon** 

# Testing time for banks

bank lending bubble, it is no long way to go. surprise that it has had a

STAILS AND STRANGER

-1-14 - 5-4-4 معال الرواع <del>في الرواع الماعم</del>

Die Gaus Leite ...

titue i tale talea -

eg es rufft, it at

AND RESERVE

antigar incigios in Same to the act

Williams of

5 3

PAGEME

LANCE TRUE PARTY

M. Home in Emerging and Capital Markets

Countries such as Thailand, South Korea and Indonesia face a huge challenge in reviving their domestic banks, many of which have been made effectively bankrupt by the colapse in their currencies.

The crisis has also wrought havoc across a swathe of international hanks with loan losses rising, revenues down and remorseless pressure to cut

Against this background it is hard to look at Asia's by more than half from problems as an opportunity for bankers. Yet, paradoxically, that is what it may turn out to be for a select

The other side of the coin is that the crisis has created new openings because capital has suddenly become scarce and many of the South Korea are being region's companies are being praised for their economic forced to restructure their reforms.

new needs of this market now may well secure a lucrative future for themselves in

The Asian banking industry that eventually emerges may be leaner and more efficient than the one that went before. At the domestic level it is likely to be more transparent with better mance of South Korea's the spectacular demise of accounting and better regu-

likely to consist of a smaller don fund manager says be number of institutions offering a larger range of prod-

The hope must be that a revamped financial services tional investors operating to saists says the mean expec-global standards and better tation among private sector benefits could be considerkets, will offer some protection against a repeat of the excesses of the past.

But much pain still lies shead before that point is of Thailand by 8.5 per cent. reached as countries struggle to restore economic growth and the banking rates will be recorded by

Since Asia's economic and industry itself completes a China and Taiwan at 7.9 and sale banking were too slim. financial crisis started as a restructuring that has still a 5.8 per cent respectively.

Across the region the damtraumatic impact on the age has been substantial regional banking scene. Mahathir Mohamad, Malaysia's prime minister, complained this month that the crisis had lopped \$260hn off the value of his country's capital market. Turnover in Asian equities has slumped.

The daily value of Hong Kong shares averaged US\$1.4bm in the heady days of last June amid the optimism surrounding the territory's return to China and before Thailand's devaluation of the baht. By March it had sunk to US\$760m. In Thailand turnover has fallen

around \$115m to \$55m. Nor is there much sign of a quick end to the economic problems that have engulfed the region. Indonesia has reached a

new agreemeent with the International Monetary Fund while Thailand and

Currency and equity mar-Those that can supply the kets have also at least shown some signs of stabilising in the past couple of months, but economists generally agree that it will be a long time before the region's economy recovers so that corporate earnings can rise again and the confidence of portfolio investors returns.

Even the sparkling perforstock market in dollar terms Peregine, previously Asia's this year leaves some inves-At international level it is tors unconvinced. One Lonhas recently taken profits in South Korea where worries about unemployment and corporate credit risk remain. Consensus Economics.

which monitors the foreeconomy to shrink by 4.9 per cent this year. Economic output in South Rores will fall by L3 per cent and that

Across the region as a whole the highest growth

Next year only a modest improvement is expected.

Moreover, worries have since Norio Ohga, chahrman of Sony, said this month that its economy was on the

He may have been exaginto stagnation and the consequent weakness of the yen threatens to undermine other Asian attempts at recovery as well as Japan's attempt to clean up its own

Against that hackground it is not surprising that many despondent in the short term. One trouble, says a senior French banker, is that any substantial abakeout in capacity, at least in the

"Two years ago we had overcapacity," he says. "Today we still have overcapacity because the names who have disappeared have been taken over."

Those who intend to survive, he adds, must have deep pockets because profitability is unlikely to recover much over the next couple of years. During that time international banks may well have to subsidise their Asian operations with earn-

Admittedly January saw most dynamic and aggressive indigenous investment bank. Many investment banks have also shed staff and slimmed down their expenses, but more pain looks likely before a satisfactory equilibrium is reached.

markets present opportuni-ties that did not exist before. ABN-AMRO, for example, is proceeding with its plans to expand into domestic wholesale banking in Asia, having decided that the mar-

gins in international whole-

per cent stake in Bank of only be set next year. Such deals were difficult before, says Ton de Boer, Asia-Pa-

كذامن الاص

"In the past not many gerating, but Japan's drift 'countries allowed you to go native. The blessing is that you can get a much larger than you could before the Similarly, argues Stephen

Stonefield, regional chairinternational bankers are are emerging in areas such as venture capital and mergers.

"We will find more opportunities from the standpoint of the strategic investor than ever before as capital available to companies and governments has become very scarce," he says.

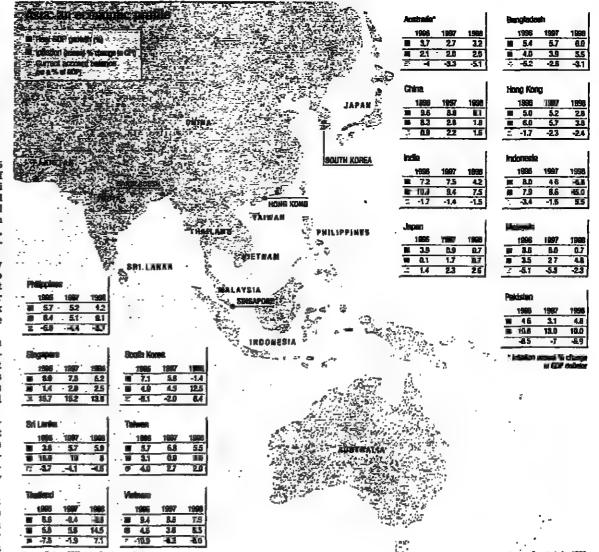
The banks which come out of the crisis well are likely to a range of services rather than specialising in one activity such as equity trading or fund man-

Requirements of international bank customers in Asia now are often based on the need for corporate restructuring, hence merger and acquisition business is

South Korea's successful launch of a \$4bn bond issues this month at spreads below 400 basis points over comparable US Treasury paper is also a reminder that the band business looks likely to recover grandually.

Governments and companies seeking to refinance short-term debts make ready demand from investors looking for high yielding

All this is natural territory for the big US investment banks which have distribution capacity in the US and the reach to bring Western companies on shopping trips cheap acquisitions in



REGIONAL COLLABORATION • by Peter Montagnon, Asia Editor The chances are that the coming consolidation will see the Americanisation of international banking in Asia, with established local banks having to fight to reap the benefit of their much better developed local net-

in this context the merger between Citicorp and Travelers Group, which owns Salomon Smith Barney, looks like having a substantial impact on the regional mar-

Citibank already has a substantial presence in Asia borrowers, while there is in both the retail and investment banking market. It is The troubles which have too early to say how successall goes well for the combined group, it should just be starting to flex its muscles just as Asia comes out of the economic crisis.

tion is unlikely to let up much, even then.

# IMF in firing line

# over rescue efforts

Among the indictments are that the Fund failed to see the crisis coming

much the region's crisis. But they have also meant some difficulty for the International Monetary Fund, which has had to deal with them. The IMF has been at the

centre of rescue efforts for South Korea, Thailand and indonesia, assembling packages which total \$107bn when contributions from governments and other international organisations are factored in.

cobust criticism, not only from within Asia but also from international economists, for the way it has handled the crisis. Among the indictments

are that it failed to see the crisis coming, that its programmes lack transparency and place too much emphasis on traditional macro-economic adjustment, and that it failed to understand the nature of a crisis whose origins lay not, as hitherto, in public sector excess but in the private sector.

The result has been a debate both on the role of the IMF itself and on appropriate measures for dealing with similar crises in the future and, if possible, preventing them occurring. On some counts the IMF

has a fairly strong defence. It says it tried hard to warn Thailand of the risks it was courting. But, as Stanley Pischer,

deputy managing director. noted in a recent speech: Neither the IMF in its continuous dialogue with the That authorities, nor increasing market pressure. could overcome their sense of denial about the severity of their country's economic problems."

Thailand and South Korea were running perilously short of foreign exchange reserves when they approached the IMF, Mr Pischer continued The first order of business

may actually hurt, rather was to restore confidence in the currency. That in turn required high interest rates, even if these complicated the situation of weak hanks and corporations. weaker ones.

Equally, there was a need tor debt. for fiscal tightening to offset, And by failing to impleif not the capital cost, at least the interest cost of rescoing the domestic banking Finally, structural adjust-

ment, notably restructuring of the banking system, was needed if the underlying problems which had led to the crisis were to be

Yet the IMP is likely to have some trouble convinc- address the new-style finan- IMF has to tackle," he adds.

ing its critics on these cial crisis points. Martin Feldstein, an economics professor at Harvard University, argues that, while structural reform was necessary in these countries.

short-term problem. "By asserting that these spread through Asia over economies were basically remake their financial systems, tax and tariff structures, labour markets, central banking procedures and corporate governance, the IMF inappropriately frightened investors and lenders,' he argues.

> Moreover, the structure of the financial packages was inappropriate, he says, because they promised money only in stages once the reforms had been imple-

A large amount of money up front would have had a better chance of arresting the panic in financial mar-

Quite whether the IMF and its partners could ever see their way to disbursing

At one level the IMF is ill-equipped to address the new-style financial crisis

large amounts of money without evidence of reform is uncertain. But Mr Feldstein's criticism does point up one crucial aspect that the DMF appears to have missed, at least initially.

This was that the affected countries were suffering principally from an extraor cash flow problem created by the need to service and repay massive amounts of private sector short-term

Were the outflow to be stopped from that quarter, the chances were that confidence might return and the monetary squeeze might at least be relaxed.

Only slowly has the IMF come round to this recognition. It had three goes at agreeing a programme for Indonesia before the IMF was prepared to address the question of how to facilitate restructuring of private sec-

In other areas, too, it has come round to the view that some of its initial criteria need to be modified. The fiscal targets have been relaxed for all three Asian countries with which it has been deal-

But for all those involved in dealing with the crisis the learning curve continues to be steep. At one level the IMF is ill-equipped to

In urging Indonesia to close 16 loss-making banks as part of its first programme for that country, it helped to spark a run on the rest of the country's banking Sachs, another Harvard economist, points out, made WOLL.

Nor are the IMF's economists trained to examine private sector issues. Those who landed in Indonesia did country's largest companies according to bankers in Jak-

But, as the dust settles three areas of possible reform are coming to the fore. The first is the need for better surveillance and transparency so that loomcerned on the horizon.

Asian countries, too, are working towards arrangements for better surveillance at a regional level while the main industrial countries, though organisations like the IMF. World Bank and Bank for International Settlements, are looking at ways of strengthening local

banking systems. The second area is the possible need for a new type of lending facility designed to offset the new-style emergencies in the capital account of the balance of payments. This may mean lending more money over shorter periods than the IMF has done so far.

One recent suggestion from Larry Summers, deputy US treasury secretary, is for an examination of the possible role multilateral development banks could play in encouraging privately financed standby credits. "The question of how

used to leverage standby liquidity from the private sector is one that needs to be considered as part of a wideranging effort to think through the post-Mexico, post-Asia crises," he said last month

The third issue is the need for controls on short term more widely recognised internationally. The IMF should look at new ways of preventing currency flows destabilising the whole system, says Goh Chok Tong, prime minister of Singapore. There are no easy solutions but the aim should be to moderate the operations of the currency traders without regulating or stifling

damage capital flows, he Modern technology has "Quick funds transfer based on analysis' reports, sometimes based on rumours, is a new phenomenon which the

them in a way that would

JAPAN • by Gillian Tett in Tokyo

# Spotlight falls on problem loans

The financial risks Japanese you Against the dollar # per ty posed could potentially dwarf the recent market crisis

Take a glance at Japan's banking world this spring. and one startling statistic hangs over the sector. The level of problem bank loans is now officially Y77,000bn (US\$592bn) or twice the size of Australia's economy.

The equation shows why the rest of the world should worry about Japan as southeast Asia emerges from its recent market turmoil. For, although Japan has so far avoided the scale of crists

seen in Thailand or Kores

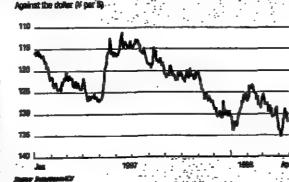
last year, its financial system is plagued by deep problems, highlighted by the bad And if Japan cannot resolve these issues the financial risks they pose could potentially dwarf the

market crisis seen in the region last year. The situation is alarming because the banking problems have not been triggered by any short-term economic fluctuations but reflect decades of economic mismanagement. The essential difficulty is that Japan's economy is inefficient at

allocating capital. The reason for this is that the financial system created after the second world war was designed to turn the country's yast savings into cheap loans for industry, via the banks. Thus banks have operated, not as profit-driven companies accountable to independent shareholders. but government-influenced institutions serving indus-

This has left banks locked into incestuous shareholding eletions with clients. About per cent of shares on Tokyo stock exchange are held in cross-sharehold-

It has also encouraged the banks to operate as a group.



dent strategies. Meanwhile, fully ill-equipped to apply rous credit analysis. Consequently, during the 1980s bubble economy they expanded their lending reck-

lessly, leaving them saddled with property-related bad loans when land prices col-These problems are alarming in themselves. But what even more disturbing is that the banks and govern

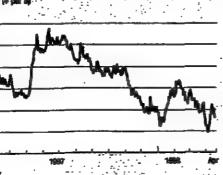
ment have been woefully slow to tackle them. Eight years after the bubble collapsed the banks have still not written off their bad loans, partly because lax regulation has allowed them to

disguise the problem. Though bank profits have slumped there has been little industry consolidation. The country has 19 major banks compared with 22 a decade

Meanwhile, the banks themselves have been painfully slow to change their business practices, even though margins on their traditional business of corporate lending have been shrinking fast

As Christopher Mahoney, managing director of Moody's, the US credit rating agency, says: "Banking crises are not exceptional...But what has been quite unique about the Japanese banking problem, apart from its scale, has been its

duration." The government insists



that it is now finally acting. Rarlier this year it agreed to use Y30,000bn of public money to protect depositors and encourage

restructuring. On April 1 it officially launched a programme of sweeping deregulation. n as "Big Bang", that sims to inject new competition into the financial industry. Details of this Big Bang are complex. But they include a welter of reforms that will affect the banks. Over the next three years, for example, banks will be allowed to enter new busi-

nesses, such as mutual A stricter form of accounting standards, known as prompt corrective action, is being introduced, making it harder for banks to conceal bad loans. They will also be permitted to establish holdng companies for the first

Even before Big Bang officially started, there had been a multitude of other changes over the past year. In fiscal 1997 the top 19 banks expect to write off more than them posting a loss of more than Y4.000bn Some are also shrinking

risk-weighted assets fell 3.8 Most banks have declared new corporate strategies that aim to reduce the unprofitable lending busi-

lending: Between March and

September last year their

-- Jani " ness by expanding into areas such as asset management.

Some have tried to silm their operations by withdrawing from overseas operations. Some consolidation has even occurred. Over the past year several regional banks Hokkaido Takusboku, col-

lansed last November. But these reforms may not be enough to tackle the problem. Despite the Big Bang rbetoric, the danger is that some Japanese politicians. bureaucrais and bankers still seem very reluctant to accept the scale of change

now needed. Since Hokkaido Takushoku's collanse, for example, there have been signs that politicians are blocking hadly needed industry consolidation. The government recently awarded Y1.800bn to both strong and weak banks to boost their canital

There has been backsliding on attempts to introduce more market accountability. The government recently approved new accounting reforms that make it easier Y10,000bn bad loans, leaving for banks to disguise falling equity and land prices. Meanwhile, many banks

appear reluctant com to resolve the bad loan problem by selling the property collateral behind the loan And the banks' attempts to reduce lending have been cosmetic compared with the scale of the prob

"Jananese hanks are inefficient because banks have fautastic quantities of assets incredibly low spreads which belong in the capital markets," argues David Atkinson, of Goldman

Optimists argue that it is simply a matter of time before balance sheets are adjusted. "Judging from the present moves in Japanes banks you might think that changes are unlikely." says Yoshiaki Shikano, of the 21st Century Public Policy Institute, a think tank.

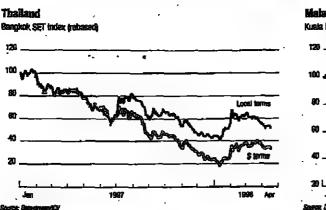
"But the banks change. They have to change. The era of living comfortably in 'pre-set' competition has ended." But the risk is that without rapid reform Big Bang

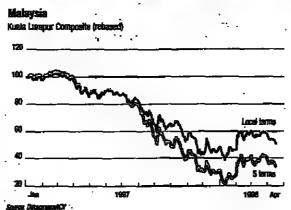
than help, the Japanese Destruction. By fighting consolidation. for example, the government will prevent strong banks from competing with the

ment a credible regulatory system the government will undermine investor confidence in the financial sector. "The real problem is that there isn't a real sense of crisis yet in Japan, like in some other Asian countries."

points out one diplomat. "If Japan keeps putting off the crists (reform) the banking prob-addressed. lems won't get better. In fact, they will get worse."

Market impact of the crisis





EQUITY MARKETS • by John Ridding in Hong Kong

# Despite springtime new set of rules and condi-

rallies most Asian markets stand well below their peaks

Signs of life returned to Asia's equity markets this spring. A couple of companies have even tested investors' appetite for share issues and initial public offerings.

But few in the industry are under any illusions. After the damage sustained last year, and recent volatility, it will be a long and rocky road to recovery.

Despite springtime rallies most Asian markets stand well below their peaks. Benchmark indices across most of south-east Asia have fallen by about 50 per cent in US dollar terms over the past 12 months

Even relative safe havens such as Singapore and Hong Kong are down by more than 15 per cent.

Turnover, too, has tumbled. In the heady days of the post-handover period Hong Kong's stock market ing volumes of almost HK\$60bn. Recent volumes have been about one-tenth of that. Elsewhere the shrinkage has been more severe.

The unheaval has made a big impact on the sector and promises significant implications. Companies which quality as some of the turned to equity markets are smaller players have faced now forced to find alternative sources of funding.

equity have to adjust to a players have managed to zhou issue was significant

banks that grew rapidly on the back of Asia's rising equity markets, restructuring is the order of the day.

Various changes are well under way. Many big inter-national investment banks have implemented restructuring plans, often involving substantial redundancles. Schroders, Indosuez W I

Carr and JP Morgan are among those cutting staff as part of a regional reorganisation. Some banks, notably Britain's BZW and NatWest Markets, have withdrawn from Asia's equity broking markets altogether.

While Goldman Sachs. Merrill Lynch and Salomon Smith Barney have held head counts fairly constant, a marked contrast from previous retreats, they have increased their focus on other business lines, notably fixed income, mergers and acquisitions and other feebased services.

Traditional brokeragebased business can still survive. "You can still make money with volumes at these levels if your cost notched up record daily trad- structures are right," says Gary Coull, chairman of Crédit Lyonnais Securities investment banking arm of the state-owned French financial group has remained profitable.

Others report a flight to financial difficulties and as investors have grown wary.

tions. For the investment says the senior executive of reinforced expectations that a US investment bank. China will remain perhans "Pickings are slim, but we are getting more of them."

Optimism is also beginning to penetrate the gloom on the issuing side of the business. While many planned initial public offerings in the Asean markets have been scrapped or shelved, such as the flotation of Smart Telecom of the Philippines, activity is stirring elsewhere.

Several mainland Chinese companies have placed shares with institutional investors, including a US\$140m issue for Huaneng Power completed last month.

Since then Thai Farmers Bank has raised US\$857m in an international equity offering, the largest amount ever raised by a Thai company and the biggest Asian equity isme this year.

Although cautious, IPO activity is also starting to stir. Yanzhou Coal Mining ventured on to the Hong Kong stock market last month, the first new issue on the market this year by an H-share company - a mainland enterprise listed in Hong Kong.

With the ambitions indus-Asia. He says the Asian trial restructuring plans laid out by Zhu Rongii. China's reformist new premier, more are set to follow. China National Offshore Oil Corporation is one candidate, with plans to raise up to US\$1bn according to bankers in

Hong Korug. Apart from signalling a revival of activity, the Yan-"I think most of the big

the biggest source of IPO activity in the region and confirmed the continued interest of international

The US\$280m issue also demonstrated that Chinese companies are prepared to be pragmatic about the terms and conditions attached to their debuta.

investors in mainland husi-

Compared with last year, when China fever swept mainland issues, Yanzhou came to market at a knockdown price. Its launch price represented a multiple of just seven times estimated earnings, a stark contrast to the double digit multiples offered in the past.

"We were encouraged by the pricing and by the realistic approach to market prospects." said one Hong Kong fund manager. Like others in the sector, he believes there are substantial funds waiting to return to the region's equity markets.

We have already seen big net inflows after the collapse of confidence last year," he says. "Caution is still the watchword, but the right companies at the right terms should be able to start looking back to the market."

Few expect the sums to reach anything like the US\$21bn reised last year through regional equity offerings, ex-Japan. But, with the carnage of recent months still fresh in the minds, the recent stirrings

**DEBT MARKETS • by Edward Luce** 

# ercoaster slows down

The appetite for Asian and emerging market bonds in general is returning

It has been a rollercoaster 12 months for Asian governments on the international debt markets.

Before the onset of the Thai baht crisis last July most Asian sovereign bonds were trading at spreads of comfortably less than 200 basis points over the 10-year US Treasury benchmark.

Earlier this month the Korean government issued its first sovereign bond at a spread which was more than triple the level at which the country was trading just nine months ago. The 10year bond was priced at 355 basis points over the US fig-

To rub salt in the wound, it was priced at roughly the equivalent rate of Mexico's sovereign debt and slightly cheaper than a sovereign benchmark bond issued by the Philippines the previous week. The world had indeed been turned unside down for Korea and its fellow suffer-

ers in Asia. "In terms of the bond markets Asian governments are going through the same sort of trials Latin America has been through twice before," says Jerome Booth, chief erging market economist at ANZ investment Bank in London

"The difference is that Latin American governments are now experienced players on the international debt markets whereas, with the exception of the Philippines, this is new terrain for Asian governments."

Economists say that most Asian countries are about to tranform their previously back-seat positions on the international bond markets into a mora visible presence during 1998. Despite tapping as much as \$4bn from the markets earlier this month Korea is expected to issue at least another \$5bn in the next few months.

Thailand, with slightly lower funding needs than Korea owing to the smaller size of its International Monetary Fund-led assistance package, is expected to come to the markets in June with a \$500m to \$1bm offer-

Both the Philippines, which won some plaudits for its \$500m offering in April, and Malaysia, which has not suffered as badly from the. crisis as its neighbours, are expected to tap the markets in the next few

ments are set to dominate in general is returning." emerging market bond sup- says Paul Abberley, head of ply in the near future.

"Asian sovereigns are about to be introduced to the world of the international bond vigilante," says Richard Gray, chief emerging market economist at Bank of America. "This will introduce a degree of discipline and international exposure to which most are unaccustomed.

Nevertheless, judging by the response to Korea's \$4bn issue, investors are upbeat about prospects for most Asian borrowers. With the exception of Indonesia. whose benchmark dollar bond remains at a stubbornly high spread of more than 600 basis points, all Asian bonds tightened in sympathy in the wake of the Korea offering.

The Korea bond itself tightened from 355 to about 330 basis points while the five-year portion went from a launch spread of 345 basis points to around 290. A large portion of demand came

"The appetite for Asian

In short, Asian govern- and emerging market bonds markets." asset management at Lombard Odier, a private Swiss

bank. "Both the Korea and Philippine deals were well received because investors are confident that both countries will see improving credit ratings."

Analysts say that Asian governments will also benefit from the low yields on US Treasury bonds with both the 10-year and 30-year trading at yields lower than six per cent. This reduces the headline coupon rate governments need offer to inves-

In addition, the persistence of low prime interest rates in Japan and most Western economies means there is plenty of liquidity for Asian borrowers to

"Asian governments are going to have to tap the markets in a big way," says Mr Booth. "A lot of Asian companies also need to borrow dollars internationally ecause there is such a lack of liquidity in their domestic

But companies would have to ensure they were properly hedged against adverse exchange rate movements,

he adds. On the negative front, Asia's slow return to the international bond markets could still be derailed by events in Indonesia and

Japan, say economists. Further deterioration in Indonesia's political situation following the tripling of basic food prices and anti-Chinese riots earlier this year would hit broader investor sentiment towards Asian debt.

Similarly, says a lead manager of one US investment bank, the markets will continue to keep a nervous eye on the yen-dollar exchange rate, fearing that the yen's continued slide could undercut an export-led recovery in Korea and south-

"The markets are still very nervous after losing so much ground in the last quarter of 1997," says the banker. "Any sign of crisis and they will sell Asian paper

# Foreign interest muted

to buy a Yn125bn tranche of treasury bonds. Foreign investors were similarly anthusiastic over Korne's first post-Asian crisis US\$4bn bond issue. But when it comes to foreign. interest in domestic

currency bond markets, reaction is more muted. The long-mooted ergence of deep and developed Asian debt markets looks further away

than ever in the wake of the financial crisis; an irony not missed by bankers who point out that it would be the ideal way for Asian corporates to fund now that the cost of US doller debt has more than doubled. "If there were a ... well-developed local

currency bond market it would be great," says Glen Rim, senior vice-pre in debt capital markets at Lehman Brothers in Hong possible investors don't have the money to invest, and second, from foreign lavestors' point of view now that you have a lack of fixed currencies, you have a currency risk as well as a

credit risk." In addition to the problems wrought by the

longer standing deterrents have not been removed. These include settlement problems, witholding taxes that eat into yields, and Miquid currency and interest rate swap markets which traditionally supported the fixed income

"The relative illiquidity of Cross-currency swap markets makes it difficult to lock in the dollar libor value of, for example, That baht or Indonesian Bopish," adds Mr Khm.

Governments more cases than ever to stimulate local currency debt markets are repeatedly stymied by the illiquid swaps markets which, practitioners argue, are at least partly of their own making. The capital controls

which then nervy Asier governments introduced as a reaction to the currency crisis make it virtually them to hedge their books efficiently because they cannot access the necess markets in the required size and cost.

While it makes sense for an Indonesian corporate to burrow and pay back his loans in rupiah, foreign investors - who have scant use for the corrency - are

unlikely to be tempted without intermediate swap markets where they can switch their holding to offload the currency risk.

"Now you have this perplexing arrangement where someone who has borrowed US dollars sees his costs have just quadrupled in ruplah erms," says Mr Kim.

Moreover, boxrowers have shown scant interest in longer-term paper, a reflection of mostly flat yield curves. "Even prior to the crisis there was relatively little interest in investing in long instruments in these countries, because most of the interest was at the short and of the curve," says Jim Dunsford, global head of fixed income at HSBC Asset

As a regult, investors are left with mostly corporate or bank debt - names they are less familiar with and bearing credit that either carries a low rating or, frequently, is unrated "That's a significant deterrent to the development of thes markets from an international perspective, says Mr Dunsford

Louise Lucas

# Santander Investment

has acquired the core equity business of the

Peregrine Group

in Hong Kong, Kuala Lumpur, London, New York. San Francisco and Singapore.

These operations will be marketed under the name

Santander Investment Securities Asia.

April 1998



# **CURRENCIES** • by Peter Montagnon, Asia Editor

# the worst

Some of the flows are coming back into the market as currencies stabilise

The Asian economic crisis has dealt a nasty blow to the market in which it started the once thriving business in

trading regional currencies. A couple of years ago this was becoming an increas-ingly important source of business for banks in the region as international investors were attracted to Asian currencies by their relatively high interest rates and presumed stability

t the dollar. With the devaluation of the Thai baht last July that changed dramatically. Bankers say liquidity in regional currency trading dried up, aggravating the violent swings of some of the worst affected currencies.

"Essentially from July to January the volume disappeared," says Andrew Fung, regional treasury economist of Standard Chartered Bank in Singapore. "The interbank market became illiquid, so a lot of the trading that was going on became dependent on brokers."

In recent months, however, there have been signs that some of the flows are coming back into the market as the main currencies have stabilised, prompting a better development of two-way

While the Thai currency touched nearly Bt60 to the dollar at the turn of the

as the reforms prescribed by the International Monetary

Fund have begun to bite. Similarly, the Korean wor is well above its low point of around Won1,960 to the dollar and even the Indonesian rupiah has managed to stabilise in the wake of Pres Subarto's improved relations with the IMF.

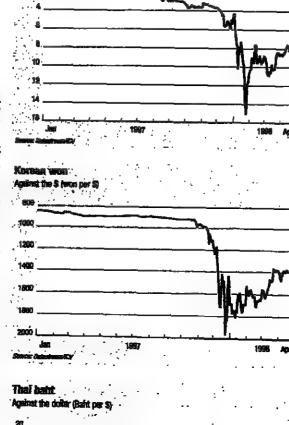
in the currencies already,' says Y.S. Wong, head of regional financial markets at Citibank in Singapore. But he adds that economic growth rates will remain

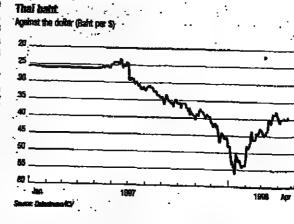
How quickly the vitality will return to regional currency trading is another matter. Bankers such as Mr Wong and Mr Fung believe business will revive in time as regional trade grows, portfolio investment flows resume and confidence in south-east Asian economies

Indeed, the decision by governments affected by the crisis to abandon the idea of fixing their currencies to the dollar and allowing them to float freely could add to demand for currency-related banking products.

"People will have to hedge and manage their foreign

He does not believe that governments will respond to the crisis by introducing capital controls that would affect short-term currency trading and says regional capital markets may well enter a new stage of development as the crisis abates. In the long run that could





boost trading in regional currencies again as investors confront a greater choice of regional instruments.

Even so, says Mr Fung, the problem remains that the markets in Asian regional currencies are fairly small

industrial countries. The weight of money can cause big fluctuations. A few investors made

handsome profits out of the baht devaluation, but many made large losses and are not in a hurry to rush back

ALTIMIA STOREST VINES

farket impact of the or

Marie Contractor Con ره دا اه الاهمام الماردو وا Term or friender training Amelia maria de trate to their the following والمواد الخماة لادم عادلتك make and being a local The State of the Asset of the State of the S per transfering super a line

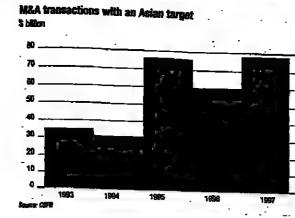
of the bearing mean per always are some conand seeing conjugation of To Florence Special Confidence and walter to the areas.

nterest muted

BANGS SENT, 1976 CARD at the Table for the series COMPANY OF THE PROPERTY OF THE Lampid Tabbig improvide interfer র**্জার্ক ভাষারের প্রভা**র পার বিভাগ 容陽縣 化铁矿 化碱物矿 化油煤剂 App. SCREEN STREET, ST. graphical the first or and But the state of the second of Mary かんかいかん こうかん STREET, STREET, STREET, STREET, 300 \$ 21% (The 12 7 20 57 12 7 17 18 18 WK RE TO FEEL OF ST of our break associate SHAPE THE WAR SHAPE AND AN State with the first of the first Francis marry march in a fel's BERRETTE BERRETTE TER TOTAL

wie Gelegie gegen der der der

SHARE BOTH AND THE PROPERTY OF THE enge water parti och militaris ( despitate يصهيه ومجهد مجيزر تزمير A security that the second of MA WARE TO STATE BY Symplectic Control of the State عالم فالمقاطع ومواد مواجعكم والمساب



PROJECT FINANCE • by Louise Lucas

# Back to basics as banks make strict rules

has a 40 per cent stake.

BOT deals offer contrac-

tors higher returns for

assuming virtually all the risk involved in a project.

The agreements allow pro-

jects to be financed wholly

The pioneering Laibin B. a

720MW power station in

Guangxi province, was

struck with a mix of export

money. Electricité de

France, the French power

GEC-Alsthom of Britain won

the concession to operate the

power plant for 15 years

before handing it over to the

quite so many latent projects

as had been expected but a

handful of further power

plants, water treatment

plants and bridges are now

Mr Allen says the chief

appeal of the BOT model is that the Chinese government

is committed to making it

work and "everyone knows

where they stand and you get things moving slightly

"The experience from all

parties was quite positive,"

he says. "But again, not all

the business will be negotiated under the BOT guide

lines and you are still dealing with contractual and

"Still quite a lot of deals

will be negotiated with a for-

eign party and China party

rather than [wholly foreign

Mr Dodd says the effect of Laibin B and other initia-

tives is to set "good solid

precedents" in which a num

ber of issues are dealt with

including tariff structure

and as a result lenders are

more comfortable with the

process of doing business in

China has experimented

with a number of models and also used the equity and

bond markets to fund roads

and other infrastructure pro

The equity markets this

year will look less attractive to fund raisers - Hong Kong,

China's natural financial centre, has had around one

third of its stock market

value wiped off since the

peak last summer - and

bond issues have been few

For foreign investors

unfazed by the broader Asia

concerns, there are attrac-

tions such as a relatively sta-

ble currency, which the gov-

ernment has pledeged to

retain - the lack of full con-

vertibility gives the govern-

ment a greater say in the

matter than south-east

Asian governments had -

and growing availability of

hard currency, with more

eign reserves.

than US\$130bn worth of for-

decided on a more arbitrary

despairing for their calcula-

ronment at a time when it is

In the power industry

and far between.

joint venture law.

financed] BOT."

Project finance (1996)-

Guangzi government. The deal did not unleash

in the pipeline.

China's improved environment is making it the focus of otherwise wary lenders

South-east near-moratorium on big infrastructure projects is the development of wholly only one part of the problem foreign financed build-operfor bankers charged with finate-transfer models. ancing the deals.

Their biggest headache is on the other side of the equation - finding investors for the projects that are still mushing ahead.

"We compete with some by foreign capital without banks but we need them too. state guarantees. so the fact that some banks are not looking at Asia has an impact on everybody's business," says Frank Packard, managing director projcredits and commercial ect finance at BA Robertson Stephens Asia. utility, and Franco-British

Banks have a variety of reasons for shunning Asia. For European and US banks the emphasis is on reducing exposure to the region's troubled economies

Japanese banks, struggling to meet capital adequacy requirements at home and crippled by the "Japa-nese margin" added to an already high cost of funding. are reducing their asset base in Hong Kong and south-east Asia. As a result there are fewer lead-arrangers willing to be co-opted into deals and a reduced pool of would-be syndicate members.

certainly don't went to pay pricing that is to their disadvantage, and you have a shrinking landing community still trying to come to terms with BIS regulatory requirements in Japan, says Brian Allen, head of project finance and syndications at HSBC investment

Banks that are prepared to perticipate are laying down stringent rules. Higher pre-miums are being demanded, a reflection of the higher risks - or perhaps higher perception of the risks that always existed - and foreign exchange guarantees are on

Louise M

Mr Allen views the demands as "back to basics" rather than new - off-take agreements, quality of credit and the ability to pay the real costs in the event of a currency devaluation.

"It is the usual sort of thing," he says. "In certain situations in the more competitive environment in which we were working it was not a question of ignoring these principles, it was a stion of not pushing for them. It would be fair to say that people will now put the basic principles of common sense and reality back on the table and discuss all of

Places where these issues are being discussed are minantly in the parts of Asia that have previously been second division. particularly China, the Indian subcontinent and

BA Asia says it is working on around eight mandates in India, mainly in power, and in China it is involved in projects in oil and gas, chemicals, power and telecoms.

There is a natural focus on China simply because there are a limited number of countries where a large number of project finance teams is having to look," says Simon Dodd, managing director project finance at BA Asia.

BA Asia is not alone in targeting these countries. The swathe of derailed projects across south-east Asia has knocked the region firmly off most bankers' A

Delayed, down-scaled or there are moves to create a more mechanical indexation axed projects include Malaysia's M\$13.6bn Bakun dam for tariff changes, previously and M\$35bn-plus multimedia basis that had lenders Super-corridor, the US\$3.7bm elevated road and railway tions. For China the net system in Thailand snatched effect is an improved enviaway from Hopewell, and a raft of Indonesian casualities firmly in the spotlight. including the US\$650m

Way is paved for cross-border deals As companies shift from the

conglomerate culture, merger activity may rise One of the few glimmers of

mergers and acquisitions. Bargain prices, liberalised regimes under the watchful eye of the IMF and depressed domestic capital markets should help pave the way, at least in theory, for cross-bor-

The reality may, however, be different. Asian merger and acquisition booms have been forecast in the past but have never taken off to any significant degree. Last year deals with an Asian target accounted for just 5 per cent 450MW Serang power plant of all global activity. "The whole process in

near Cilegon, west Java, in which PowerGen of Britain Asia is a much slower, more protracted one than in the In contrast, projects in US, where buying and sell-China are moving ahead at a ing companies is just like faster rate, albeit from a selling sacks of potatoes." slow starting point. There says Richard Orders, chief have been a number of fundexecutive at ABN Amro ing breakthroughs, including

Buyers are often deterred when they start to comb through Asian companies' relatively opaque accounts. building its own momentum, including stores in Spain Daeyu Securities.

the depth of experience built calls "every day of the week" up in more active markets progress in clinching deals is slow. Moreover, prices are seldom as bargain-basement as buyers would like. hope in the tunnel of invest-

CORPORATE FINANCE • by Louise Lucas in Hong Kong

ment banking in Asia is Already a number of flopped deals litter the horizon. including the Canadian Bank of Nova Scotia's planned takeover of Nakornthon Bank in Thailand. And realism has yet to

dawn on much of corporate Asia that survival may mean passing control to outside hands. Mr Orders notes: "There is still a state of denial on the part of companies [which believe] that, if they can delay long enough, some miracle will happen. Not surprisingly, bankers

rather than deterrents and take heart from the success stories - BASF's US\$600m purchase of Daesang Group's animal feed additives division. Southern Electric's \$2.29bn takeover of Consolidated Electric Power Asia and ABN Amro gaining a controlling stake in Thailand's Bank of Asia.

Compounded with inexperi- says Harry van Dyke, man- and Britain, and refocusing ence - protagonists in the aging director at Morgan firmly on Asia. Asian field naturally lack Stanley Asia. He receives from international compasuch as the US - this means nies representing sectors from food to finance to pharmaceuticals.

But he adds: "The ones which are going to get deals done more quickly are those who have been thinking of it for a while and may already be present in some countries in Asia. The ones which are being more opportunistic from afar will be more cautious, and it will take longer

to get things done." The BASF deal, arranged by Morgan Stanley, is a case in point. The German conglomerate is already active in Asia and plans to grow its

Coca-Cola, the US drinks company which has an Asiawide reach, paid \$441m for Doosan Beverage of South

One of the few deals in Indonesia was the \$36.4m purchase of a stake in the Hero supermarket chain by Dairy Farm, the food retailing arm of Jardine Matheson, the Hong Kong conglomerate. Dairy Farm is making a virtue of shedding The growing list of deals is its non-Asia interests,

If the buying charge is spearheaded by companies

with Asian experience, the list of attractive sellers probably begins in South Korea. "Korea is now open for the first time for significant cross-border merger and acquisition transactions," says Mr van Dyke.

"It is one of the countries that has changed the most and is attracting the most This is reflected in the

numbers. In the first quarter overseas companies had invested \$2.5bn in the country with a further \$3.5bn of potential investments to fol-

Credit Suisse First Boston cites South Korea's attractions as its size -tt is the world's 11th biggest econ-US political relations, the improved reglatory environment for foreign investors. the positive momentum in business and government

changes now under way. To this list Regent Pacific Group adds an availability of genuinely good companies. The Hong Kong financial services group earlier this year paid \$10m to buy into

Peter Everington, managing director of Regent of small ones," he says. Pacific, said the deal "just from a value point of view represents a great investvalue of twice the share

price at the time of the But it was bought chiefly would flourish under foreign ownership.

In so doing Regent Pacific is treading the path many buyers following it are likely to pursue, effectively buying market share and market

"This boom in Asia was bound to happen and this crisis has accelerated it," says Mr Orders.

He cites other trends already under way which point in the same direction government privatisations, generational change among conglomerates and industry rationalisation within sectors such as food, financial services and building materi-

"In banking, even before the crisis, it was blindingly obvious small banks in Indonesia and Theiland were says. just not going to survive, partly because regulators number of large banks deals around."

Generational change often

empires from the founding ment" with a tangible cash fathers, who see them within the framework of family businesses, to western-eduthe reins are increasingly as a going concern that likely to focus on company strengths and to hive off parts of the business where there is slim market posi-

> "It is a shift away from the conglomerate culture, saving you must be in food, cement, insurance and the rest," says Mr Orders.

Even so, he is wary of calling mergers and acquisitions investment banking's much needed El Dorado in the region. He reckons it will take another six to nine months before bankers dis cover if the scale of transactions generates sufficient revenue flows.

"We have a number of willing buyers and a number of forced or willing sellers but actually tying the two together is a mammoth task and very protracted," he

"To make money you have got to do big deals, and there prefer to deal with a small are not that many \$500m



One currency.

One market.

One global bank

# EUro Ready.

## **Managing Your Euro Evolution**

Introduction of the European single currency will reduce risk and simplify business transactions. But the transition will be a challenge.

Bank of America is ready. Our integrated global banking system and worldwide presence make us one of the only major banks with a proven, superior payments platform already in place. Which means your payments and liquidity management can run smoothly and effectively.

As a global bank, we deliver the cash management, treasury, and capital raising capabilities your business will require through the transition and beyond.

That's power in motion. That's Bank of America in motion.



**Bank of America** www.bankamerica.com



# markets battle for the top spot

When the dust settles a Shift in the balance of financial power of financial power.

When the dust settles intensifying with several rivals, and Singapore in particular, seeking to erode Hong Kong's traditional power of financial power.

Mahathir Mohamad's distribes singapore, arguing that competition between the financial centres is not a zero sum game. But he cities, Hong Kong has been making the competition of the debt market this aspect – both remain expensions and Singapore in particular, seeking to erode Hong Kong's traditional power in particular, seeking to erode Hong Kong's traditional power in particular and suggestions by the Malaysian is not a zero sum game. But he cities, Hong Kong has been making the competition of the cities and cost comparisons and suggestions by the Malaysian is not a zero sum game. But he cities, Hong Kong has been making the competition of the competition of the cities and cost comparisons and suggestions by the Malaysian is not a zero sum game. But he cities, Hong Kong has been making the competition of the cities and cost comparisons and suggestions by the Malaysian is not a zero sum game. But he cities, Hong Kong has been making the competition of the cities and cost comparisons are cities. of financial power may emerge

A big bang in Japan, an easing of shackles in Singapore. Against the backdrop of regional crisis, and partly driven by the upheaval, Asian governments are looking to deregulation to bolster their financial markets and strengthen their standing in regional competition.

That competition, which sweeps from Shanghai to Sydney, has been intensified by the crisis that is ravaging south-east Asia's financial markets.

The shift in market activity. with a histus in initial public offerings and an emerging surge in mergers and acquisitions, is combining with deregulation and the cost implications of devaluation to alter the odds in the contest. When the dust settles a shift in the halance of financial power

may emerge from the wreckage. While Japan remains by far the higgest financial centre in Asia, its rolling programme of deregulation marks an attempt to guard its lead and increase the efficiency of its financial system.

Elsewhere, the battle to provide regional financial services is

tional edge.

"Our vision is to develop Singapore into the premier fund management hub in Asia over the next five to 10 years," says Lee Hsien Loong, Singapore's deputy prime minister and architect of the recent reforms.

He made the remark as the city state announced plans to triple the value of funds under private management and develop the local debt market.

Taiwan has eased restrictions on futures trading, while Australia's government has set the ambitious goal of making Sydney the premier regional financial centre after Tokyo by 2000. Most points in between have similar visions for their financial sectors.

What is already clear is that the rankings that emerge from reforms will be determined by resulatory frameworks and transparency as much as the state of the surrounding economy.

"Safe havens, such as Hong Kong and Singapore have emerged with reputations intact, says the regional chief executive of a US investment bank. "But here will be bad memories of the problems encountered elsewhere." Among these memories are

prime minister that currency trading might be banned.

Nerves were also frayed by criticism, and occasional raids on foreign securities companies in Thailand, while patience has been strained by disappointment with Indonesian reforms.

Despite an improvement in sentiment towards some economies. notably Thailand, continued question marks over policy and lack of experience in crisis management are likely to hinder financial

Such sentiments have coincided with shrinking markets to force consolidation within the sector. While Hong Kong and Singapore have seen significant job cuts in the financial industry, they have secured their positions behind Tokyo as the main financial centres in the region.

The big question which now confronts them both is which of the two will emerge ahead.

"We welcome competition," says Donald Tsang, Hong Kong's financial secretary. He says Hong Kong's size and its tradition of well-regulated but lightly-managed markets has created conditions for continued development. He plays down rivalry with

Harsh new regulations in shares but simply that, with

the non-bank finance sector the economy in the dol-

drims, there was no oppor-

tunity for an asset price bub-

After the Asian crisis

broke, the RBI clamped

down on India's finance com-

panies, imposing strict capi-

tal adequacy norms and pre-

empting the threat of a

broad-based crisis which

could spill over from finance

It is likely to be cautious

about deregulating banks

investment in speculative

assets in future. India's

financial sector will emerge

stronger, though perhaps

Financial markets escaped

The main stock market

But as concern mounted

about the value of the runee

portfolio investment since it

began to open its economy

relatively lightly compared

companies to banks.

less entrepreneurial.

ble to develop.

INDIA • by Krishna Guha in Bombay

will put at least 20,000

finance companies out of

business in India - proof

that India, while semi-de-

tached, has not been

unaffected by the Asian cri-

The country's banks are

not free to borrow abroad or

to lend against property or

shares as a result of conser-

vative regulation by the

"We have not seen a single bank failure in India," says

Deepak Parakh, chairman of

was not, as is commonly

believed, that no one was

recapitalise since their

nearly exhausted due to bed

loans is expected to climb

as the economy contracts

for the first time since

The risk for many banks is

closure if they are unable to

improve their balance sheets

and maintain capital ade-

1997 failed to meet the mini-

mum 8 per cent capital

adequacy ratio set by

the Bank of International

They will be required to

submit recapitalisation plans

to the government by June,

Fourteen of Korea's 26

numercial banks at end of

industrial loans.

quacy ratios.

Settlements

lending against property or in 1991.

Reserve Bank of India.

also talks up Hong Kong's book. I do believe we are in a different league." he says.

Many in the industry endorse this view. "Certainly, since the dark days of the 1980s, Hong Kong has developed a reputation for clean markets with limited intervention," says the managing director of a European brokerage.

That has given it an edge in terms of culture, but also in terms of market size." With a stock market capitalisa-

tion of US\$420hn, Hong Kong is bigger than most markets in the region with the exception of Japan. Singapore is much smaller, capitalised at about US\$110hn. Already established as the main international stock market for

mainland listings, Chinese eco-

nomic reforms should further bolster the Hong Kong exchange. That consideration also underlines the strength of Hong Kong's hinterland, in marked contrast with the crisis in Indonesia and the question marks over Malaysia which cloud Singapore's pros-

under management in Singapore are more than \$\$123ba, Hong Kong, Singapore can also but that is still just one-third of play the cost card. While bankers

ing the early running.

It already has a more developed benchmark yield curve, having issued 10-year notes. The recent establishment of a mortgage corporation will stimulate the market cost of living survey published for securitised instruments.

Singapore, however, has its own strong suits. It is the region's big-rankings of expensive cities. Costs gest foreign exchange centre outside Tokyo and has established an edge in financial futures.

Where it lags, such as in fund management, a concerted effort is being made to narrow the gap. Hence the decision to raise from S\$10bn to S\$35bn the amount of funds available to private fund managers over the next three years. For many the money is less important than the stance. "They have accelerated measures designed to encourage fund managers," says Mark Konyn, director

of Dresdner RCM in Hong Kong. He sees the recent moves, which include the relaxation of financial requirements for prospective fund management companies, as steps in the right direction.

In attempting to entice new business, and even defectors from the size of the Hong Kong indus- caution against over-emphasising

D.R. Mehta, chairman of lble

the Securities and Exchange

Board (Sebi), said the coun-

try would pursue US-style

investor protection with

tougher disclosure and

transparency rules, "not

because they are American

but because Indian investors

as US investors".

erve the same protection

The RBI has also taken

stock. Bimal Jalan, the new

governor, is known to moni-

tor short-term capital flows

closely and favour continued

debt even when India make

damage for semi-detached

India of the need to push for- restrictions on short-term

This outflow, in December

and January, was reversed

Meanwhile, the country's

privatisation programme

was temporarily derailed by

a sudden loss of appetite

among international inves-

tors for Asian global deposi-

With a further hiatus

caused by the recent general

election, the privatisation

programme has yet to

Problems elsewhere in the

continent have reminded

ward with further market

only in February.

tary receipts.

quality of infrastructure - Hong Kong's successful defence of its peg to the US dollar has left it exposed amid regional rivals.

The Economist Intelligence Unit recently showed Hong Kong had risen from 11th to third in the Analysts predict that by the stood at 122 on the index com- sians will have stopped makpared with 100 for New York. ing payments on almost the Singapore was at number 11 with an index ranking of 106.

Faced with the complex equation of costs and benefits, the odds are against a clear winner emerging. Some banks have already split their operations. Deutsche Bank, for instance, has in the world, the repercusits main regional office in Singapore but the headquarters for equities and debt capital markets in Hong Kong.

As the regional financial industry evolves, with mainland initial public offerings providing an attraction in Hong Kong and the refinancing of Asean's shattered economies a potential draw in Singapore, specialisation is likely

For investment banks seeking a role in the region's recovery it may pay to have a foot in both

Other officials have high-

lighted the need to avoid

committing too large a slice

of India's foreign exchange

reserves in the forward mar-

ket as has happened in Thai-

that India could still draw

the wrong conclusions from

in a country where suspi-

cion of global capital mar-

kets is rife many economists

and media commentators

argue that India escaped

because it has capital con-

trols and a straitjacket of

India, unlike many of its

other financial regulations.

peers, still needs to speed

liberalisation if it is to sal-

vage its faltering growth

rate - down from a target of

Asian turmoil could be

moves to capital account

convertibility planned for 2000. A delay of at least two

years now seems likely

depriving Indian companies

compete with international

One early casualty of

the Asian crisis.

However, there is a risk

# State strives to ease

MALAYSIA

girls com

ory...29∰ 🚎

والمراجع أراجوا and the Section

A STREET, STREET, ST.

· 🖳 🔏 👻

1

· / Hart 148

1257

- 428 p. 7 🚧 s

and a superior

TREASURY M

INCHES MAR

and selected in 1965.

Same Same at 1887

211.6

Mineral Colors

middle of next year Malay. in four loans.

in a country where the domestic credit to gross domestic product ratio last year was about 170 per cent, the highest in south-east Asia and one of the highest sions would be enormous.

But, even as the rast Asian financial crisis forces neighbours to shut banks. the Malaysian authorities insist that their own institutions are sound. As recently as March, Anwar Ibrahim, finance minister and deputy prime minister, asserted that the system was intact.

Bank Negara, the central bank, emphasised that only Sime Bank, Bank Bumiputra Malaysia - the country's second largest - and two finance companies would require further capitalisation should "extreme conditions

materialise". The central bank has since sought to minimise risks posed to the finance companies by restructuring the sector to reduce the 39 institutions to eight. Banking group Rashid Hussain has taken over management of Sime Bank, which reported a pre-tax loss of M\$1.81bn for the second half of 1997, and is to merge it with RHB

Ahmad Mohd Don, governor of Bank Negara, has pledged that for state-owned Bank Bumiputra "the government of Malaysia has undertaken to inject the necessary capital should the need arise".

These attempts strengthen the most fragile institutions should ease fears. But economists, analysts and fund managers predict the worst is yet to come. Even the country's largest

The central sought to minimise

of financial instruments most conservative and best which they badly need to respected local institution. Malayan Banking, or Maybank, announced a 29 per cent drop in net profit to M\$463.5m for the six months to December. Its loan loss and provisions more than doubled to M\$711.5m.

At the end of March, Mr Anwar was forced to revise down the nation's growth forecast for 1998 to between 2 and 3 per cent, sharply lower than the 7.8 per cent recorded last year. Economists and analysts expect further revisions, leading to increased pressure on loans.

Gan Kim Khoon, research manager at SG Securities. says his house projects GDP growth will slow to 1.2 per cent this year before improving to 3.4 per cent next year. Based on those forecasts,

non-performing loans should reach 19 per cent by the year's end and 22 per cent by the middle of next. And that is only if those growth rates are not lower.

"It all depends on how much worse the economy gets," says Mr Gan. He is quick to note that in just two months, January and February, the non-performing loans ratio rose from 6.8 to 8.7 per cent, a phenomenal 28 per cent.

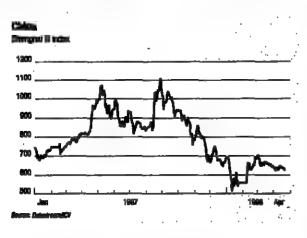
"It is still rising, and rising rapidly," Mr. Gan adds. In releasing Bank Negara's annual report at the end of March Mr Ahmad announced that, to strengthen banks, the central bank was reducing the limit on single customer exposure from 30 to 25 per cent of total capital, requiring banking institutions to publish data on key indicators every quarter and

encouraging mergers. Economists had hoped Malaysia would also use the crisis, as some neighbours participation in banking.

Mr Ahmad did not make only saying it was difficult to anticipate what might happen in the months ahead. Observers feel sure bad news lurks there.

Hugh Young, managing director of Aberdeen Asset Management Asia, says simnly: "One presumes there is another Sime.

Sheila McNulty



CHINA • by James Harding

# Alarm bells hasten reforms

The first difficulty in dealing too often have swayed the with China's much troubled

wobbled, and in some cases fallen, under the weight of grounds. their bad debts there has

Dai Xianglong, governor of the People's Bank of China, the Agricultural Bank of the central bank, has acknowledged that the big banks are burdened by much bigger bad debts than the government has admitted.

But he suggests the problem is manageable, estimafor only 5-6 per cent of total loans while non-performing loans represent only 20-25 per cent of the loan book.

By the end of last year out-Yn7,490bn (\$902bn), which suggests that, even by Mr Dai's most conservative calassets could stand at more than Yn1.490bn.

Outside observers suggest the official figure vastly understates the problem academics have touted bad debt figures that are a multiple of the government's numbers, Moody's has downgraded its credit ratings for the big banks and Standard & Poor's has calculated China's troubled loans at a substantially higher level than the central bank.

The diverging assessments of the problem hint at part of the trouble, the opacity of a banking industry that straddles the state and private sector but is firmly rooted in neither.

At least, though, all sides have started to take the problem seriously and. thanks in part to the alarm bells sounded by the crisis in financial systems across Asia in the past year, gov- to their pile of bad debts. ernment and banks are problem.

Beijing is pushing through reform of the regulatory and supervisory structure. The government is planning an overhaul of the PBOC which should see the central bank banks. remodelled along the lines of

the US Federal Reserve. The government will abolish the present system in which the PBOC shadows the structure of provincial government and consolidate operations in a smaller numlarger administrative when they will be allowed to

The restructuring is intended to reduce the level of interference in banking decisions by local and provincial governments, which egy.

regions.

central bank in the provinces and nudged local As banks across Asia have to fund projects on political, but not commercial,

been a rash of estimates of is designed to pave the way compromised assets at Chi- for the gradual commercialna's four mammoth state isation of the four big state banks, the Industrial and Commercial Bank of China, China, the China Construction Bank and the Bank of China, which together account for well over 80 per

banking business. Arguably the biggest chalting that bad debts account lenge to the transition of these banks from channels of state funding to independent commercial financial institutions is culture.

The state still sets the tone standing debts stood at by making the key appointments, dulls ambition and initiative by keeping down the levels of compensation culation, non-performing and blunts the sensitivity to risk by setting the rates on state bank loans.

> sector where decisions and responsibility tend to be delegated upwards, greater effiiciencles are held back by a bloated workforce, and the mentality of the planned economy, in which size of assets makes a greater impression than quality, still

prod that culture.

Earlier this year the government announced the issue of a Yn270bn bond intended to help the big four banks recapitalise debt. Is March, Beijing cut the reserve requirements on state banks in a move to encourage greater lending by the "big four", which have slowed the release of new loans for fear of adding

Zhu Rongji, the former starting to chip away at the central bank governor who encourage greater home ownership, opening up a crisis appears to have taken over by foreigners, year using a formula based recapitalise, if these banks in mortgages for the state

Slowly, the Chinese market for foreign financial ers, while the commercial preserve their independence institutions is opening. Last year the first foreign hanks were admitted to do Chinese currency business in Shanghai. A further 11 banks are being considered for the next more government takeovers cant deals have been those ber of branches, overseeing round of approvals, but of commercial banks, and start business and who will gain entry is not clear.

> tion, though, is clearly part marked change from just six tal injection of \$187m to buy of the overall reform strat-

As a result the banking sector's problems lie in inherited bad loans rather than a mass of new ones. But its finance companies did lend to stocks and real estate, and ran into trouble.

the Housing Development "But we have had faffures cue from Wall Street, rising of non-bank finance compa- and falling in response to nies. They are the ones global, not Asian, market The new-look central bank which got into trouble in movements. south-east Asia." The principal reason why India did not suffer a India suffered the first

cent of the country's total

The result is a banking

But there are structural changes afoot which should

March, has also promised to whole raft of new business

Gradual market liberalisa-

Balance sheets face scrutiny The challenge facing most

SOUTH KOREA . by John Burton in Seoul

full-blown financial crisis monthly outflow of foreign

South Korean commercial sheats. Analysis believe that the banks this year is how to problems of the banks are equity capital has been far worse than publicly stated. Official figures for non-performing loans, those with overdue interest pay-The problem is particularly daunting because the ments of six months, stood amount of non-performing at Won22,600bn, or 6 per cent of total lending, at the end of

last year. But if precautionary loans are included - those with overdue interest payments of three months - the figure would increase to at least Won55,000, or 15 per cent of total lending, according to a conservative estimate by

Moreover, the amount of bad loans could rise substan- year. tially this year if Korea is hit by another wave of big bankruptcies.

Many banks are extending emergency loans to troubled companies to keep them and then be given six from collapsing in an effort

improve their balance tions as long as possible. This has the perverse effect of weak companies receiving nationalised or forced to step to doing the same loans while healthy ones are denied credit.

The government is also encouraging banks to roll over maturing commercial paper to prevent bankruptcies. This has delayed a needed restructuring of Korean industry by allowing weak companies to fail.

Nonetheless, the banks

may have difficulties in holding the line as the economy plunges into recession. SBC Warburg Dillon Reed estimates that non-performing loans could reach nearly Won93,000bn, or 30 per cent of total lending, this

The size of the problem means that banks can not avoid painful restructuring. They will probably be unable to increase capital greatly through disposal of assets, rights issues or revalusting assets.

Although bank reform has been criticised as being too slow, Korea is still regarded as being more aggressive than other troubled economies in the region in addressing the issue.

"There has been a positive start, although a lot of work needs to be done," says Wil-liam Rhodes, Citibank vicechairman, who recently helped to arrange the rescheduling of \$22bn in foreign debt owed by Korean

Korea has already nationalised two big commercial banks, Korea First Bank and SeoulBank, and plans to sell them by July to foreign investors recently allowed to ment, better bankruptcy proacquire domestic financial

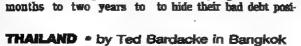
instead, most face the finance companies in what is stark choice of being closed, considered a preliminary merge with other institu- in the commercial banking median.

The government recently established an asset manage-ment corporation to buy bad loans from banks, enabling them to improve their balance sheets while imposing new rules on dis-

Finally, it reformed financial regulatory supervision by creating a new agency with strong powers. Although the foundation

for a better banking system has been laid, Korea along with other Asian nations must undertake other essential reforms to prevent the debt crisis from recurring. These include modern

credit assessement managecedures and corporate restructuring to avoid It has closed nearly baif of uncompetitive industries the nation's short-term dragging down the banks.



# Last-ditch effort to stay independent

receded.

largely disappeared or have been taken over by foreign- ing in a last-ditch effort to banks have either started a by raising capital from existlong tortuous road to recapiing shareholders, minority talisation or have been taken strategic partners or internaover by the government

Although there may be the bill to the taxpayer and shareholders continues to months ago. This sorting out process

economic downturn contin- three categories. Small ones tial amount, will be deter- families and Thai investors Medium-sized banks have on the stock prices of compa-Finance companies have been nationalised.

And the too six are engage tional equity investors. Perhaps the most signifi-

involving the small banks. Bank of Asia was bought by ABN Amro, the Dutch bank, climb, no banks appear to be in a complicated deal that in danger of collapsing, a involved an immediate capi-75 per cent of the bank. The actual price paid, not Bank and Lasm Thong Bank Bank recently raised \$557m loan classification.

rable banks.

Thai Danu Bank, another amall bank, was similarly taken over by the Develop- Bangkok City Bank and ment Bank of Singapore in a Bangkok Bank of Commerce. deal worth \$114m Like Bank These were nationalised have left Thai management in place.

works of fewer than 108 branches these banks could in future pose a serious combanks. Expect similar deals with

took on the premiership in Although Thailand's has Thai banks falling into to exceed five times the ini- by 1989. With controlling in a global equity offering, ues unabated, its financial have been, or soon will be, mined at the end of next either unable or unwilling to the bank to 49 per cent. do not sell out to foreigners they face the same fate as Siam City Bank, Bangkok Metropolitan Bank, First

> of Asia, the new owners after all shareholder equity was written down. The Thai government Although they have not intends to dispose of these banks but is unsure how to do it. It has promised the International Monetary

> petitive threat to the bigger Fund to set out principles for disposal by June 30. Nakornthorn Bank, Union six banks. Thai Parmers

raising foreign ownership in Bangkok Bank, the coun-

try's largest, is attempting to do the same. Krung Thai Bank and Thai Military Bank, owned by the govern- have, to liberalise foreign ment and armed forces respectively, should have access to as much new fun- any such pronouncements. ding as necessary. But Siam Commercial

Bank and Bank of Ayudhya could be more complicated as they attempt to sell minority interests. All the new capital will go

towards increased provisioning for bad debt, already More disparate are the hig raised recently with stricter central bank regulations on

تعكذاهن الاص

MALAYSIA (ath - 24 gar - 2) a... of the things were Table of the training of the to ease terroris made the tears

west person to make the start.

And control of the second

the examination of the

傳輸 机分离 化二苯二苯 was the less thanker of the lates. 医红线 对电线电路 6 Sty Complete Com

en miggli freitriffige. Make a contract of

Browning State of

30年 中の 海域(Apple 14) भूते । इस विशेषक प्राप्त के अपने के अप अपने के अपने क

Betrette Bissesen Grinner in

Billeberger feigebride, gebenfelbeit bir bir

What is the state of the state

· The Hill Straight of the later of the Artigla profit as

Academic Hartings 2. photodoxia + 48 11 11

A SERGE BOOK OF THE LOS

By the equipment of a color of the color

training the sales were any Strangers (State Const. Conf. Co.

of features over the first

ETHE MINISTER VIEW

# **CURRENCIES & MONEY** Traders cool on Emu

# By Simon Kuper

to currency traders. lost most of its interest in gets the job. Emu when it became clear

that monetary union would appointed that would sug-take place with 11 members, gest unbridgeable divides and that their exchange rates within the European rates within the European will be influenced by politicians. That could hurt the were sensible and thus easy to defend.

After being chosen for Emu, Spain and Portugal may well ted after the meeting that notion out of traders' within the ERM.

Perhaps the biggest question for the market is Association of Purchasing whether the Emu founders Managers' index for April manage to agree on a chief appear on Friday.

11/142

000000

CROSS RATES AND DERIVATIVES

for the European central bank. France is pushing The coming weekend's Jean-Claude Trichet, govermeeting in Brussels to nor of the Bank of France choose the founder members of European monetary union

everyone else backs Wim Duisenberg, president of the will go down in history. But it will mean relatively little European Monetary Insti-tute, forerunner of the ECB. The market does not particu-That particular fraternity larly mind which of the two

and the risk that the ECB Recently some Federal The meeting could provide Reserve officials have some tithits for the market, suggested that US interest rates will rise soon. The market will therefore be paying cut interest rates. However, closer attention than usual no German rate rise is expec-The key figures this week Bundesbank officials last are likely to be Thursday's week did their best to drive preliminary gross domestic product data and the employment cost index, both heads. Nor are any curren-cies expected to revalue for the first quarter. Personal income figures for

)	ol on Emu	POU	ND SP	OT FO	RWAR	D AG	AINST	THE	POUN	D ·					
•		Apr 24		Clasting uniti-point	Chairege on der	Bid/offer Street	Day's		One s	WPA	Timeé Rata	May Signification	(me y	MPA.	Bank of Ean, lader
	for the European central					- Spirone	<u>ligh</u>		700	747	Legali .	7E%		76.7	DO ME
	bank. France is pushing	Entire													
	Jean-Manda March is pushing	Agetria	(SCH)	21,0496	-0.018		21,1105	21.0136	20.9837	38	20,8567	-3.7	30,3727	32	102.7
	Jean-Claude Trichet, gover-	Belgium Denmark	(8Fr) (8Kr)	81,7685 11,4132		420 - 948 1006 - 178	B1.9580	61.6590	61,5844	3.5	61,2193	3.6 3.4	59,8225	32	101.5 104.0
'	nor of the Bank of France;	Fisherd	(SPE)	2027		722 - 822	11.4458 9.1020	11,3961 8,0870	11,38 8,6502	3.5 3.8	11,3164 8,9947	27	11.087 8.7912	29 32	80.3
,	everyone else backs Wim	France	EPI0	10.0373		272 - 353	10.0582	10-0155	9.9993	3.8	9.938	3.7	9.7091	32	1054
	Duisenberg, president of the	Corporary	ĐIA	2,9817		905 - 929	11.00000	2.9863	2,9824	3.7	2,9642	4.7	2,8962	32	103.3
	European Monetary Insti-	Green	(Dr)	21,792	+1.159	4年・002	523,399	519.D15	523.575	-41	527.141	-40	539,422	-34	- 1
	tute, forerunner of the ECB.	Treitend	(42)	1,1858	0.5025		1.1583	1.1845	1,1849	1.0	1.182	1.3	1.1821	20	98.8
	The medical design the ECB.	<b>Maly</b>	Щ	2956.94		496 - 880	2966.50	2952.20	2952.14	1.9	2940.16	23	2575,72	2.6	75.4
	The market does not particu-	Matterlands		61.7885 9.0000		- 56 - 56	\$1.9580	61.6590	61.5844	3.6	57.2193	3.5	\$2,8226	3.2	101.9 101.5
	larly mind which of the two	HOLANA MONETALIZA	(F)	3.3958 12.4321		643 - 668 270 - 283	3.3831 12.4730	3.3801 12.4145	3.3548 12.3968	3.9 3.4	3.3361 12.3311	17 32	3.257 12.1134	32 26	96.4
	gets the job.	Portugal	- (Es)	306.534		377 - 691	307.909	306,752	305.804	29	304.258	30	297.555	29 29	91.4
•	But if neither man is	Spain	Feb.	254,143		H - 31	254,940	253,680	253.552	2.8	262.245	3.0	246,733	29	76.5
	appointed that would sug-	Sweden	Ġ	12.8358	-0.0127	265 - 430	12.8874	12.8165	12 8054	2.8	12,7458	2.8	12.5296	24	87.2
	gest unbridgeable divides	Selizations	(SF1)	2,4907	+0.0105	翰 - 昭	2.4957	24735	2.4783	ߨ	2,4541	5.9	2.3614	52	105.6
	and the wish that the most	ÜK.	₽.					45				-:			105.9
	and the risk that the ECB	Ecu SOAt		1.5134	-0300/	123 - 144	1,5189	1,5105	1_5095	N <sub>3</sub>	1,0025	3.1	1.4697	29	•
	will be influenced by politi-	Americae	_	C. Santa	•	•		-	•	•	•	•	•	•	•
	cians. That could hurt the	Arsentina	Pent.	1.8657	+0.0011	853 - 681	1.6713	1,6633					-	-	
	D-Mark against the dollar.	Brazel	(RS	1.9058		052 - 065	7.9103	1.5000				. •	-		
	Recently some Federal	Consider	(CS)	2.3930		<b>920 - 940</b>	2,3986	2,3904	23681	7.	2,3788	2,6	2,3488	1.0	82.2
	Reserve officials have	Mexico	(How Page)	14.1125		010 - 245	14.1585	14.8941	14,2474	-11.4	14,5314	-11.9	15.8354	-123	
	suggested that US interest	USA	(R) Be East/Atric	1.6664	+0.0616	930 <b>- 888</b>	1.6716	1.6835	1.864	1.7	1,6594	1.7	1,644	1.3	100
	rates will rise soon. The mar-	Assistant.	100 AND 120	2,5800	-0 M15	580 - 619	2.5877	2.54R2	2.5549	2.4	25443	25	2,5015	23	85.4
	bes will rise soon, The mar.	Hong Keng	110	12.9138		098 - 177	12.9542	12.8030	12 8929	1.9	12 8744	1.2	12,9947	-0.6	9947
	ket will therefore be paying	india.	(Red	86.1478	+0.0303	902 - 053	68.2980	65.8980	-					-	-
	closer attention than usual	lerael	(2)4(	6.2435		<b>JU</b> - 533	6.2535	6.2333	•			14	10	-	
	to American economic data.	Japes Makesia		21634		213 - 484	218.790	215,430	21/1/2	6.7	214,624	8.8	204.308	8.4	118.0
	The key figures this week	Many Zeninos	(46)	6.2720 2.9746		642 - 797 723 - 775	5.2994 2.9807	6.2508 2.8635	6.3057 2.8778	-7.0 -1.2	6,3726 2,9844	-1,3	6.6231 3.0075	~6.8	98.6
	are likely to be Thursday's	Philippines	Pregi	64.1585		678 - 052	64.5175	63,7823	64,6288	-88	65.507	-69	70,4222	-88	200
	preliminary gross domestic	Smath Arabia	SR	B.2500		483 - 517	6.2885	6,2393	6.2433	13	6.2313	1.3	6,1962	0.9	
	product data and the	Singapore	(55)	2,6504		481 - 527	2,6640	2,6440	2,6486	8.8	2,6459	0.7	2.6319	0.7	•
		South Africa	<b>(A)</b>	8,4253	-0.0011	208 - 298	8,4516	8.4163	B.4712	-44	8.5534	-8.1	8,8859	-65	
	employment cost index, both	South Karge	(Mari	2272.97	-5.31		2278.40	2267.34		-	-	-	## One II	-	,
	for the first quarter. Per-	Tahuan Tisaliand	(13)	54,9796 54,7397		408 - 385	55.0998 96.5770	54,8955 63,8880	54.9592 65.2877	0.4 -10.2	BA.3478 BB.2182	-8.1	\$5.0115 70.1148	-0.1	
	sonal income figures for		23. Biskiller a											-	100
	March and the National													- man	
	A management of The Action		-												

MONEY RATES

gr 24		Closing	Chapter	Ed/offer	Day's	mid	Occ 100)	oth	Three ma	nds.	Can your	J.P	lini,
		mid-point	on Chy	Spiretel.	High	low	Rate	SPA	Rete	"LPA	Rate	SPA	'n
sabe													
	(Sdd)	12.6318	-0.023	293 - 34		12,0100	12.6103	2.0	125669	20	12.3925	19	
بالتنواد	(BF)	37.0670	-0,063	800 · 74		37 0090	37,0085	1.9	36,8925	1.5	36,3895	1.8	
enceptk.	(0)(1)	8.84 <b>9</b> 0	-0.0100	48G - 50		6,8404	6.6388	1.8	6.8196	1.7	6.7441	1.5	
olani	<b>₽</b>	5 4481	-0.0008	45 - 知		5 4409	5.4387	21	5.4299	28	5.3476	1.8	
SUC6	( <del>FT</del> r)	6.0197	-0.0135	187 - 20		6.0117	6.0091	21	B-0022	20	5.906	1.9	104
	tond	1.7953		950 <b>-</b> 95		1,7923	7.792	20	1.7886	2.0	1,7617	1.0	10
100	<b>(D</b> (1	313.125		EA) - 23		311.110	TUSE	-58	317.08	-5.8	328.125	-4.8	9
land .	<b>(2)</b>	1.4022		042 - 06		1 4020	1 4042	Ò.B	1.3997	0.3	1.4147	-0.7	
7	(4)	17774.4		370 - 52		1769.55	1774.11	02	1775.5	α.E	1751.1	1.3	7
embourg	(LPs)	37 0670		600 - 74		37.0090	37.0095	1.9	36.9515	7.5	36.3895	1.8	10
	P)	2.0197		104 - 20		2.0163	20181	21	ZEVE	2.1	1.0655	1.9	10
raily .	(Mar)	7.4605		597 - B1		7.4-00	7.4499	1.7	7.4471	1.5	7.3665	1,2	
1092	<b>€3</b> 0	183,950		900 - 00		161730	183,775	1.1	183.675	1.3	181	1.5	9
din.	Pa	152,510		480 · 58		152,310	152,373	1.1	152,285	1.3	150.085	1.6	7
edez	(SIX)	7.7027	-0.015	002 - 05		7.6883	7.6955	1/1	7.6966	1.1	7.6216	11	.6
zeriand	歐介	1 4947		942 - 95		1.4840	1,4894 1,664	42	1.4741	4.2	1.4385	3.9	10
	83	1.6664		80 - 85		1.6635	1.1023	1.7	1.6578	1.7	1.644	1.3	10
t	•	7.4011		006 - DTI	1.1032	1.0990	1.1023	-14	1.1035	-1.4	13300	-1.5	
riens	~	0,74090	•	-	-	•	•	•	•	-	•	•	
	Peach	0.9996	. 0.0002	996 - 99	0.9997	0/			_	_	_	_	
	PS)	1.1437		436 - 43		1,7429							
eda .	(2)	1.4361		358 - 36		1.4851	1,400	0.8	1.4336	0.7	1,4276	0.6	R
sion	die Pessi	8,4590		640 - 74		8,4630	8.562	-13.2	8.757	-13.6	9,6325	-127	1,44
	8	La regione		- (40	4,4144			- 1864	040.	- 1990	9,000	- 1994	13
	n East/Africa			1		_						-	***
متدر	(25)	1.5362	+0.0054	354 - 370	1.5413	1.5291	1.5354	8.6	1.5328	D.B	1,5221	0.9	8
y Kong	¢BCS3	7.7495	-0.0002	490 · 500	7,7510	7.7470	7.74	0.2	7,7585	-05	7.9045	-20	
2 "	100	39.6950	-0.02	700 - 200	39,7220	39.5500	*						
	(San)	3.7457	+0.0048	417 - 107	3,7520	3.7410	*						
	(7)	131.030	+1.01	980 - 080		129.450	130.48	5.0	129.345	5.1	124.275	5.2	13
ونوره	0465	3.7538		600 - 679		3.7550	27813	-8,8	3.8403	-8.1	4.0288	-7.0	
e Zealand	<b>0/2</b> 87	1.7852		841 - 864		1.7794	1.7883	-21	1.7937	-1.9	1.8125	-1.5	
ippires	(Card)	38.5000		000 - 000		38.2500	38,839	-30%	39.533	-10.7	42.837	-113	
واضعة الب	<b>68</b> 0	3.7506		505 - 507		3.7503	3.7519	-0.4	17552	-0.5	3.7691	-0.6	
geport:	(25)	1.5905		895 - 91		1.5875	1.5917	-0.0	1.5945	-1.0	1 601	-0.7	
AL PRINT		5.0580		545 · 575		5.0540	5.0908	-83	£1548	-7.8	8.4052	-6.9	
موحال ش	(Miles)	1354,00		290 - 500		1350.00			-				•
kean Stand	les.	32,9930		880 - 000		32,9820 38,2000	39.029 39.235	-1.3	33.113	-15	33.463	-14	٠
	(日) いったこれ	36.8500		000 - 000				-11.9	39.905	-10.9	42.65	-9.8	-

EURO CURRENCY INTEREST RATES

many research management of the party of the	
ched	

SECTION SECTION grand the world BANK CANADAM CONTRACTOR  $g_{\overline{k}}(x, \mu, \nu) \stackrel{d}{=} g_{\overline{k}}(x, \mu, \nu) \stackrel{d}{=} (x, \mu, \nu) \stackrel{d}{=} (x, \mu, \nu)$ 

Name of the state April 1985 - Tarania Arranga (1985) Arranga (1985)

Carried Harris Market Control mountained and more a The second of the second

 $(1-g_{\mu\nu}+g_{\mu\nu}) = (1-g_{\mu\nu}+g_{\mu\nu}) + (1-g_{\mu\nu}+g_{\mu\nu}) + (1-g_{\mu\nu}+g_{\mu\nu}+g_{\mu\nu}) + (1-g_{\mu\nu}+g$ المحدد والمقدد والدائد الوارات لالجي

general state of section 4.

Andrew States

EXCHANGE CROSS RATES Apr 24 BFr 18.48 16.24 10 8.789 11.38 10 3.815 3.383 9.624 8.459 0.389 3.371 2.881 9.100 8.069 3.725 3.272 4.461 3.947 8.892 7.515 4.352 4.027 11.41 10.03 4.793 4.192 6.949 8.020 5.227 4.584 7.541 6.628 5.449 20.13 2.949 20.13 2.949 10.89 3.355 12.39 1.125 4.138 2.638 10.46 0.114 0.420 1 3.654 2.707 10 1.088 4.036 1.324 4.892 2.822 9.556 1.351 4.991 3.366 12.43 1.408 6.196 2.020 7.461 1.541 5.594 2.224 8.215 496.3 417.4
284.9 222.7
284.9 222.7
284.9 253.4
102.5 84.95
253.5 214.3
10.37 8.525
81.08 75.01
246.9 204.4
106 82.91
120.8 100
238.8 198.0
123.1 102.0
306.5 554.1
126.1 106.2
126.0 162.5
140.4 116.4
202.5 167.9 4.843 1.920 1.039 1.182 0.362 0.352 0.954 0.352 0.954 0.467 0.924 0.476 1.186 0.408 0.712 0.542 4787 2591 2591 966.4 2493 100 876.6 2378 564.6 1163 2304 1167 2954 1167 1254 1364 20.78 11.25 12.80 4.280 10.82 0.434 10.82 4.187 10 6.183 12.94 5.364 7.703 5.481 4.032 2.182 2.483 0.032 2.100 0.024 0.740 2.003 0.813 0.980 1 2.491 1.041 1.441 1.141 1.1545 3.874 2.097 2.398 0.880 2.018 0.091 1.995 0.781 0.942 1.895 1.496 1.496 1.496 1.591 353.5 191.3 217.7 72.99 154.1 7.384 64.88 175.8 71.23 85.92 170.1 87.66 218.3 91.24 131.0 100 144.3 1.518 0.876 0.876 0.876 0.834 0.034 0.297 0.804 0.328 0.328 0.476 0.401 0.415 0.600 2.698 1.460 1.681 0.557 1.405 0.058 0.495 1.340 0.544 0.689 1.689 1.689 1.0763 1,107 2.621 2.882 1 2.523 0.101 0.889 2.406 0.978 1.170 1.201 2.831 1.201 2.832 1.250 1.770 1.977 67.58 20.65 52.09 2.089 18.35 49.68 20.15 34.30 49.12 24.80 61.77 25.81 37.67 26.29

	OR POTOMES				IN SMARK LIN	III., 1984, CHARL		a per Huji.								
	Open				les-	Feb. 14	Anna be	<b>PHRADELP</b>	MA 基 88 0	TIONS E	11,250 (com	s per po	und)	٠.		
l-m	0 5578	800 price 0.5602	+0.0023	Hgis U.Sama	Law	Est.voi	Open by	Strike		- CALL			_	- Pitt	<u> </u>	
Jan Seo	0 5612	0.5625	+0.0023	0.5630	0.3650 0.3612	33,055 311	106,717 3.281	Price	May	Jen	Ju		Ney	Jen	1	A.
Desc	0.0012	0 5655	+0.0023	0.5646	- COURT - COUR	37	57	1.800	1.50	2.08	2.5	8	0.86	1.8	3	231
		4		400410			•	1.573	0.98	1.59	20	8	1,40	22		280
\$4100	PRANC FOR	WES LINE	SFr 125,000	per SFr				1.800	0.61	1/19	1.5	-	2,08	2.77	7	3.39
hart .	D 6756	0.6748	-0.0012	0.8779	0.6720	11.870	200	Paydon day's vol	., CES 102 PM	160 , 176	' (mil.e cine)		14,1307.8	15,010		
Sep.	0.6807	0.6817	-0.0012	0.6819	0.6795	13	1,303	III PHOLADELP	HA SE D-HA	EK/S OPT	IONES DIAMEZ	,500 B (	or DND			
Dec	-	0.8884	-0.0012	-	0.8873	1	18	Striku		- (241)						
S AVAR	SEE YOU FUT		Ven 12.5m	per Yes 100				Price	May	Jim	ىد	ı	بخاذ	Ag.	_	لطة
	Open	Set mice	Change	High	Low	Estad	Open ing.	1.00	0.72	1.02	1.2		0.20	0.51		0.69
lan .	0.7734	0.7679	-0.0060	0.7782	0.7683	17.477	85.967	0.000	0.43 0.25	11.73 0.50	1.0 0.7		0,81 0.83	1.03		0.91 1.19
Sep	0.7935	0.7780	-0.0081	0.7989	0.7786	44	2,095	Parrices stay's vol.				-			•	1119
Dec	-	0.7862	-0 0082	-	0.7999	36	241	Libraries may b Ann	4 remit 146 Limi	940 . FR	, forth a relation (	., -	משפט מפריין	10,000		
		<b>CARGO 252</b>	500 ner £					BENCHN	IARK G	OVER	MMEN	TR	ONDS			
		•	+0.0038	1.000	4 0000	13.036	07.780		Plant		Nd -	200	Day etc		Month	Year
, Nac 1880	1.6804	1,8578	+0.000B	1.6679 1.6610	1.8800	13,120	37,762 658	Apr. 24	Darks	Coupon	Aim	Yield	_ biolic		咖室	
Dec	-	1.8518	+0.0042	1.6860	-	2	60	Andreija	04/00	7,000	103.7001	4.98	+0.04	+0.05	-0.02	-1.44
									1007	19,000	130.9360	1.69	+0.05	+0.10	_0.03	-2.11
								Annicia	90/00 07/07	7,000 5,625	103,7800 104,4500	4.12 E.01	+0.02	+009 -009	+0.05 +0.07	+0.21
											-		_		_	_
UK	INTERE	ST RA	TES				-	Delpings	01/00 03/07	4,000 8,250	09.7200 108.7100	4.10 6.01	40.02	-0.02 +0.07	+0.00	+0.44
								-	cette	4,750	100 F5500	5.09	+0.04	+0.16	+0.19	+0.56
LOND	ON MC	NEY I	RATES					-	2007	7,280	Y13.450	634	-0.05	+8.00	+0.15	-1.40
lar 24		Over-	7 000	Doe	Three	Sk	One	Parties in Contract of Contrac	1299	2700	102.3500	4.44	+0.07	+0.07	+0.28	+0.25
<b>.</b>		night	notice	proof.	mentine.		yes		11/07	7,500	113.3500	5.18	+0.03	+0.12	+0.06	-1.23
dericale S	terior	749 - 64	74 - 7	7% - 7%	78 ~ 2%	70 - 76	7% - 7%	Platent	21/00	11,890	104.9002	3.79	_	+0.02	+0.14	+0.00
iteriog 🖾			-	744 - 74	79 - 74	78 - 73	7% - 74		DAGS.	7,250	115,0560	4,82	-0.01	+0.09	44,12	-1.33
MESSERY B		•	-	7% - 7% 7% - 74	7% - 7%	74 - 74	•	Promising	01/00	4,000	90,8200	4.10	+8.01	-0.05	+0.00	+0.53
MA BES	u du donn	21 7	76 - 76	74 - 7%	74.74	74.73	7% - 73		10/04	0.780	113.1300	471	+0.02	+0.04	+0.09	-0.60 -0.69
الأولاد الدكار الا اسمولا	any capa. Ny faritr'i desa	71 - 7 73 - 71		14 - 110	134 - 13	120 - 12	141		1907 1975	6.008 6.008	104.0200 107.5400	4,85 5.46	+0.01	+0.07	+0.04	-0.52 -1.21
	esect colo	off a sife	14-12	_	_					_=						_
R clearing	sank base le	edice rate i	74 per mot l	rom, Harr B., 1	1997			Section 2	09/90 11/04	4.000 7.500	190,0000 115,0900	3.99 4.75	+0.69	-0.03 -0.05	+0.10	-0.00
	,		Up to 1	1-3	54	64	9-12		12/27	6,000	187,6768	494	+0.01	+0.04	+0.08	-0.00
			HERM	month)	<b>Planths</b>	and the last	months		W/27		114,8906	147	+0.02	+0.00	+0.00	-1.18
North of 1	ax dep. (£1	00.000	4	6.5	6.5	8.25	1.25	behod	04/80	0.400	101.3400	4.94	-0.04	-0.04	+0.50	-0.04
Same of the	des sales ESC	YOU AND IN ARE.	Deposits within	and for each	Zac.				08/05	8,000	119.2900	5.89	-	+0.06	+0.09	-1.55
			WENNE COCK &		FIGHTY FIRM	ية ور خاطة . دة مدة مددة	pilot 31, market link	Taky	- 06/00	\$,800	102,8200	4,54	-0.01	+0.04	+0.09	-2.34
SHE APPEN	ree is geschill d cale for perior Mar \$1, 1980.	Apr 26, 199	N T MANUEL PIN	Maria Haman da	10.75pc, 7630 min Thom 800 <sup>1</sup>	1986 Apr 1, 19	# · · · · · · · · · · · · · · · · · · ·		05/02	1.250	105.4000	4.76	+0.01	+0.05	+0.10	-2.41
									07 <i>R</i> 07	8.790	111.8500	B.11	-	+0.05	+0.08	-2.69
									11/25	7,250	123,3600	140		+0.08	+0.04	-2.00
BANK	OF E	<b>IGLAN</b>	D TRE	ASURY	BILL	TEND	:R	Japan	03/00	6,400	110-9900	0.53	-0.01	-0.04	-0.06	-0.24
		Apr 24	Apr 17				Apr 17		12/02	4.800	116.6700	1.10		440	+003 -003	-0.51 -0.51
Mile on C		V100	\$100m	Top accept	inel rate		6.9992%		09/17	3,000	108.8500	2.44	+0.01	+0.01	+0.04	-0.45
idis on dis latal of se	ger Splications	£370m	1500m		cí discount	8.9852	% 6.9913%	National Property lies	71/99	7.500	104,9700	4.00	+0.02	-0.04	+0.09	+0.31
iosa or ap		£100m	£180m	Amerage y	eld		% 7.1153%		0207	8.750	105.8800	4.91	-0.01	+0.07	+0.09	-0.83
in. accep	nted bud	E98.25\$	DR 255	Other at IM		£100	E 2100m	See Zooland	03/00	8.500	96.1630	7.61	+0.02	-0.62	-0.25	-0.15
Minney 3	d win, level	95%	64%	Mail margi	A. 100 255 Co	de.	•		11/06		107.5097	6.79	+0.04	+0.08	-0.29	-1.35
								Towns .	194100	0.000	102 2204	4.46	-0.05	ARYS	+0.77	45.00

kin C. Rep D. Rec Recentification	Open Set p .7734 0.76 .7935 0.77 - 0.78	79 -0.0060	141.4				Price	May	Jan	å	-	-	Art	,	
kun 0. Sep 0. Sec E ETERLINA TO Luo 1. Sep	.7734 0.76 .7835 0.77 - 0.78		Hilgh	Low	Estado	Open inc.	9.005	0.72	1.02	12		0.30	0.51		0.59
Rep 0. Rec R ETERLING PO No 1.0 Rep	.7835 0.77 - 0.78		0.7782	0.7683	17,477	85.997	0.000 0.000	0.43 0.25	1.73 0.50	7.		0,81 0.83	1.03		0.91 1.19
e esserulna su luo 1. lep		BG -0.5081	0.7989	0.7786	44	2.095	Province starts vol.				_			i	1:19
luo 1. lep	TURBE QUAL) E	82 -0 0082	-	0.7999	36	241	Libraries miles Arti-	7 COMP 1449 Little	9 (PW , FR	Sale of the	ر کے ر	- Mary 1	10,000		
luo 1. lep	A DESCRIPTION OF REAL PROPERTY.	69 500 nov 6					BENCHM	IARK C	OVER	MMEA	IT R	Nne			
lep			_				DENNIN		MWW					Moolb	-
	.6804, 7.06		1.6678	1.8800	13,036	37,762	Apr 24	Period Coming	Country	76m	Yes		Mit aliq yimiti	oby yis	ong yid
AUC	- 1.65		1.8610	-	2	658 60	Andreits	04/00	7,000	102,7801	4.98	+0.04	+0.05	-0.02	-1.4
	- 1.85	18 +0.0042	1,6860	-	•	96		1007	19,000	130.9368	5.68	+0.05	+0.10	-0.03	-2.1
				,	1.10	1000	Anatica	10/00	7.000	109,7800	4.12	+0.09	-0.00	+0.06	+0.2
								07/07	5,825	101,450	8.01	-	+0.08	+0.07	-0.8
HE HITT	FORET I	ATEC			T		Tables .	01/00	4,000	99,7200	4.10	40.02	-0.02	+0.00	+0.4
UK INTI	EKESI I	IATES						03/07	6,250	108,7100	5.01	-	+0.07	+0.09	-0.0
							Committee Committee	00/06	4,750	90.5500	5.09	+0.04	+0.16	+0.19	+0.5
NOGNO.	MONEY	RATES						2007	7,280	TISASS	634	-0125	+8.00	+OUT	-1.4
ar 24	Ove		One	Times	Sk	One	Bearing to	12/99	2,000	102,3500	4,44	+0.07	+0.07	+020	+0.3
	nigi	esitan tr	(MODEL)	months.		yes		11/07	7.900	113,3500	5.18	+0.03	+0.12	+0.06	-13
deritasi. Sterling	74a -	84 74 - 7	7% - 7%	711 - 2%	70 - 76	7% - 7%	Plateri	21/00	11,890	104.9002	3.78	_	+0.02	+0.14	+0.0
teriog CDs		-	744 - 74	76 - 76	78 - 78	7% - 74		1406	7,250	115,0560	4,82	-0.01	+0.00	+0.12	-1.\$
ICASSETY BOOK		-	7% - 7%	7% - 7%	· `-,	•	Tracking	01/00	4,000	90,8200	4.10	+8.01	-0.05	+0.00	+0.3
and Bills		7 90 96	7% - 7 <u>5</u> 74 - 76	74 - 74	74 - 74	7% - 78		10/04	0.780	113.1300	471	+0.02	+0.04	+0.00	-0.6
acal aditionly day facoust Market d		7 74-74 74 74-74	74 - 76	128 . 13	120 . 15	w.d		1907 1925	6,508 6,008	104.0200 107.5406	4,85 5,46	+0.01	+0.87 +0.87	+0.07	-0.81 -1,21
CHANGE MENCE O	make vill.	16 14-18										_			
is clearing book	haar Jandine (ri	e 7% per cock	loon, How B, 1	1997				11/04	4.000 7.500	100,0000 115,0000	3.99 4.25	+0.03	-0.03 -0.05	+8.10	-0.0
		Up to 1	1-3	5-6	6-9	9-12		UP/OF	6,000	107.6708	494	+0.01	+0.00	+0.08	-0.0
		<b>FRESHI</b>	2000	Months .	and the last	months		व्यक्त	<b>Q.500</b>	114,8900	6.47	+0.02	+0.08	+0.05	-1.16
oris of Tax de	m #2100 0000	4	6.5	8.5	8.25	8.25	baland	04/90	0.400	101,1400	494	-0.04	-0.04	+0.50	-0.9
arts of the same wa	Mary 5300 000 is i	lat. Deposis willd	terms for each	Zec.				08/05	8,000	119,2900	5.00	-	+0.06	+0.09	-1.5
					دن مير دادادا . داد مدد محدد	y Mar 21,	Taly	- 06/00	\$1800	102,8200	4.54	-0.07	+0.04	+0.09	-23
HE. HYDER rate of d SAR. Agreed cate fo B. 1990 to Mar 31,	r period Apr 26,	1666 to 1607 25, 11 1 2 1 1 1 1 1 1 1 1 1 1 1	Maria Hanne Br	10.75pc, 7650 mit Thom 800	1986 Apr 1, 19	AL.	7	05/02	1.250	105.4000	4.76	+0.01	+0.05	+0.10	-2.61
			_					07/07	8.750	111.8500	B.11	-	+0.05	+0.08	-28
		_				_		11/25	. 7,250	123,3600	5.40		+0.08	+0.04	-2.00
BANK OF	: ENGLA	ND TRE	asury	BILL	TENDI	ER .	- Japan	03/00	6,400	110.9900	0.53	-0.01	-0.04	-0.05 -0.05	-0.20 -0.51
	Apr 24					4 Apr 17		12902	4.800	116.6700 109.8300	1.10		-4.03	+0.03	-0.0
Wa on Allan	9100a		Ton access	hard rede	8,0002	6.9992%		09/17	3.000	108.8500	2.44	+0.01	+0.01	+0.04	-0.41
ilis on olijer otal of applicatio				cí discount		% 6.9913%	inite lands	71/99	7.500	104,9700	4.00	+0.02	-0.04	+0.00	
otal allocated	£100m	2780m	Amerago y			7.1153%		1207	8.750	105.8800	4,91	-0.01	+0.07		+8.31
ks. accepted but			Offer at IX	14. 1016 25 CA		2100m	New Zepland	03/00	8,500	98.1680			THE	+0.03	
icimen a, sin'	evel 95%	64%	After seven	ir nifi to a	g-	_					7.61	+0.02	-0.62	-0.28	-010
								11/06	8,000	107.5097	7.61 6.79	+0.02			-0.5 -0.6 -0.13
							Berway	01/90	9.000	103.2394	4.49	+0.04	-0.62 +0.00	-0.28 -0.29 +0.27	-0.00 -0.10 -1.30 +0.00
							Termy				6.79	+0.04	-0.62 +0.08	-0.28 -0.28	-0.85 -0.10
							Retway Perlogal	01/90	9.500 8.750 8.500	103.2394 109.6590 103.7344	6.79 4.49 5.33 4.18	+0.05 +0.05 +0.01	-0.62 +0.08 +0.19 +0.17	-0.28 -0.29 +0.27 +0.79 +0.17	-0.83 -0.11 -1.33 +0.81 -8.73
							l	01/90 01/07	9.500 8.750 8.500	103.2394 109.6590	6.79 4.40 5.33	+0.04 +0.05 +0.01	-0.62 +0.08 +0.19 +0.17	-0.25 -0.29 +0.27 +0.79	-0.83 -0.11 -1.33 +0.81 -8.73
	RA	SE LENI	nng R	ATES			l	01/99 01/07 03/99 02/07	9.500 6.750 8.500 8.625 7.408	103.2384 109.6580 103.7344 111.046 103.7841	9.79 4.49 5.33 4.18 5.04	+0.04 +0.05 +0.01 -0.02 -0.02	-0.62 +0.08 +0.13 +0.77 -0.04 +0.16	+0.25 +0.27 +0.79 +0.17 +0.07	-0.83 -0.11 -1.35 +0.41 -8.75 -1.53 -1.75
		SE LENI	nng R				Periogal Spain	01/99 01/07 03/99 02/07	9.500 6.750 8.500 8.625 7.408	103.2384 109.5580 103.7344 111.0446 103.7841 718.1838	4.49 5.33 4.18 5.04	+0.04 +0.05 +0.01 -0.02 -0.02	-0.62 +0.08 +0.13 +0.17 -0.04 +0.16	+0.25 +0.22 +0.79 +0.17 +0.07	-0.83 -0.11 -1.35 +0.41 -8.75 -1.53 -1.75
	%			%	cer & Fried	grise 7.25	Periogal	01/98 61/07 03/99 02/07 07/98 03/67	9,500 8,750 8,500 8,825 7,408 7,350	103.2384 109.5580 103.7344 111.0468 109.7841 716.1838 104.3810	8.79 4.49 5.33 4.18 5.04 4.21 5.65	+0.04 +0.05 +0.01 -0.02 -0.02 +0.01 +0.04	-0.62 +0.06 +0.15 +0.17 -0.04 +0.16 -0.02 +0.03	+0.25 +0.27 +0.79 +0.17 +0.07 +0.11 +0.01	-0.K -0.H -1.33 +0.4 -8.77 -1.53 -1.73 -1.25 -1.65 -0.24
Adam & Comp	% any 7.25	Exeter Trust (	Limited 8.3	% 25 <b>e</b> Sin	ger & Friedlich & William	erder 7.25	Peringal Spain Streeten	01/90 01/07 03/99 03/07 07/90 03/07 01/99 08/07	9.000 8.750 8.505 8.625 7.408 7.350 11,000 8.000	103.2384 109.6580 103.7344 111.046 103.7841 718.1838 104.3810 120.2710	8.79 4.49 5.33 4.18 5.04 4.21 5.65 4.85 5.19	+0.04 +0.05 +0.01 -0.02 -0.01 +0.01 +0.04 +0.01	-0.62 +0.08 +0.19 +0.77 -0.04 +0.05 -0.02 +0.03 +0.03	-0.28 -0.29 +0.27 +0.79 +0.17 +0.07 +0.01 -0.01 -0.03	-0.6 -0.11 -1.35 -0.75 -1.50 -1.75 -1.25 -1.26 -0.20 -2.00
Alled Itish Ban	% any 7.25 k (GE) 7.25		Limited 8.5 Sen Bank 8.6	% 25 <b>e</b> Sin 00 <b>e</b> Sm	ma <b>lle</b> å rij	ender 7.25 son 7.25 7.25	Periogal Spain	01/99 01/07 03/99 02/07 07/99 03/67 01/99 08/67	\$1,000 8,750 8,500 8,625 7,408 7,350 11,000 8,000	103.2394 109.6590 103.7344 111.0498 103.7841 716.1838 104.3810 120.2710 105.5800	8.78 4.49 5.33 4.18 5.04 4.21 5.65 4.85 5.19	+0.04 +0.05 +0.01 -0.02 -0.02 -0.01 +0.04 +0.01 +0.08	-0.62 +0.00 +0.17 +0.16 +0.16 +0.16 +0.16 +0.02 +0.03 +0.06	-0.28 -0.29 +0.27 +0.19 +0.17 +0.97 +0.97 -0.01 -0.03 +0.26	-0.8 -0.11 -1.3 -0.7 -1.5 -1.7 -1.8 -1.8 -0.2 -2.9 +0.11
Allied Itish Ban Otterny Ansba	% any 7.25 k (GB) 7.25 cher 7.25	Engler Trust i Pinancial & G ORobert Flest OGuirness M	Limited 8.5 Sen Bank 8.6 ming & Co 7.5 Ashon 7.5	% 25 @Sin 00 @Sin 25 Sun ! 25 TS8	th & William Bendk	ender 7.25 son 7.25 7.25 7.25	Peringal Spain Seedan Sellopland	01/99 01/07 03/99 02/07 07/98 03/07 01/92 00/07 03/07 03/07	\$1,000 \$2,750 8,500 8,625 7,408 7,250 11,000 8,000 5,000 4,508	103.2394 109.8590 103.7344 111.0498 103.7841 718.1838 104.3910 120.2710 105.5800 110.7500	4.79 4.49 5.39 4.18 5.04 4.21 5.65 4.85 5.19 1.92 3.13	+0.05 +0.05 +0.07 -0.02 -0.03 +0.03 +0.04 +0.08 +0.08 +0.04	-0.62 +0.08 +0.17 -0.04 +0.18 -0.02 +0.03 +0.03 +0.06 +0.06 +0.13	-0.28 -0.29 +0.27 +0.19 +0.11 +0.07 -0.01 +0.03 +0.26 +0.34	-0.K -0.III -1.33 +0.04 -0.77 -1.53 -1.75
Alled kish Ban Wienry Ansba Banco Bibao V	% sarry 7.25 k (GB) 7.25 scher 7.25 facesys 7.25	Exeter Trust ( Pirancial & G  #Robert Flex  #Guirness M  Habib Bank A	Limited 5.5 Sen Bank 8.6 Sening & Co7.5 Ashon 7.5 AG Zurich 7.5	% 25 eSin 25 Sun ! 25 TSB 25 Unite	th & William Benk d Bank of K	ender 7.25 son 7.25 7.25 7.25 tywelt, 7.25	Peringal Spain Streeten	01/99 01/07 03/99 02/07 07/99 03/07 01/99 08/07 03/00 06/07 08/99	9,900 8,750 8,500 8,825 7,408 7,350 11,000 8,000 5,000 4,508	103.2394 109.6599 103.7344 111.04(6 103.784) 716.1838 104.3610 120.2710 105.5800 110.7500 99.3847	6.79 4.46 5.33 4.18 5.04 4.21 5.65 4.85 5.19 1.92 3.13	+0.04 +0.05 +0.07 -0.02 -0.07 +0.04 +0.04 +0.08 +0.04	-0.62 +0.06 +0.17 -0.04 +0.18 -0.02 +0.03 +0.03 +0.06 +0.13 -0.10	-0.26 -0.28 +0.27 +0.17 +0.11 +0.07 -0.03 +0.26 +0.34	-0.8 -0.11 -1.3 -0.77 -1.55 -1.75 -1.25 -1.26 -2.94 -0.40 -0.40
Allied Itish Ban Wilenny Anaba Banco Bilbao V Bank of Cypnic	% 7.25 k (GB) 7.25 cher 7.25 Facetye 7.25 c 7.25	Exeter Trust ( Financial & G  Robert Flest  Guinness M  Hisbib Bank A  Ottombros B	Limited 5.5 Sen Bank 8.6 Sening & Co7.5 Senion 7.5 AG Zurich 7.5 Sank 7.5	% eSin 25 eSin 25 Sun ! 25 TS8 25 Unite 25 Unite	th & William Benk d Bank of K Trust Bank	groter 7.25 son 7.25 7.25 7.25 (uwait, 7.25 Pic. 7.25	Peringal Spain Seedan Sellopland	01/99 01/07/ 03/99 02/07 07/99 03/07/ 01/97 03/00 06/07/ 08/99 11/04	9,000 8,750 8,500 8,525 7,408 7,350 11,000 8,000 5,000 4,508 6,780	103.2394 109.5589 103.7344 111.0465 103.7841 716.1838 104.3910 120.2710 105.5300 110.7500 98.3847 104.6794	4.46 5.33 4.18 5.04 4.21 5.25 4.85 5.19 1.92 3.13 6.56 5.20	+0.04 +0.05 +0.07 -0.02 -0.01 +0.04 +0.04 +0.04 +0.04 -0.04	-0.62 +0.05 +0.17 -0.04 +0.15 -0.02 +0.05 +0.05 +0.05 +0.05 +0.05 +0.05 +0.05	+0.26 +0.27 +0.19 +0.19 +0.11 +0.01 +0.01 +0.03 +0.36 -0.14	-0.83 -0.13 +0.00 -0.73 -1.53 -1.25 -1.25 -1.26 -0.24 -0.40 -0.40 -1.00
Allied hish Bon Whemy Ansba Banco Bilbao V Bank of Cypnus Bank of treiand	% 7.25 k (GB) 7.25 cher 7.25 Facetye 7.25 c 7.25	Exeter Trust ( Prancial 5 G Probert Flex Guirness M Hisbib Bank A Hisbib Bank A Hisbib Bank A	Limited 5.5 Sen Bank 8.6 Ining & Co.7.2 Ashon 7.2 AS Zurich 7.2 Sank 7.2 Sen Inv Bk.7.2	% SSN 00 OSM 25 Sun! 25 Unite 25 Unite 25 Unite	th & William Benk d Bank of K Trust Bank Bengy Leidi	ender 725 son 725 725 725 tywelt 725 ser 725	Peringal Spain Seedan Sellopland	01/99 01/07 03/99 02/07 07/99 03/07 01/99 08/07 03/00 06/07 08/99	9,900 8,750 8,500 8,505 7,408 7,350 11,000 8,000 4,508 6,750 7,250 7,250	103.2394 109.6599 103.7344 111.04(6 103.784) 716.1838 104.3610 120.2710 105.5800 110.7500 99.3847	6.79 4.46 5.33 4.18 5.04 4.21 5.65 4.85 5.19 1.92 3.13	+0.04 +0.05 +0.07 -0.02 -0.07 +0.04 +0.04 +0.08 +0.04	-0.62 +0.06 +0.17 -0.04 +0.18 -0.02 +0.03 +0.03 +0.06 +0.13 -0.10	-0.26 -0.28 +0.27 +0.17 +0.11 +0.07 -0.03 +0.26 +0.34	-0.60 -0.11 -1.55 -1.55 -1.75 -1.75 -1.29 -0.29 -0.40 -1.80
Allied Itish Ban Wilenny Anaba Banco Bilbao V Bank of Cypnic	% (GB) 7.25 kter 7.25 /acsys 7.25 7.25 7.25	Engler Trust ( Francis) & G  Phobert Flex  Culmness M  Habib Bank A  Hambros B  Hemable & G  C. Hoore & C	Limited 8.5 ion Stank 8.4 hing & Co.7.2 fetion 7.5 kg Zurich 7.5 ion law Bh.7.2 kg Zurich 7.5 ion law Bh.7.2	% eSin 00 eSin 25 Sin! 25 Tise 25 Unite 25 Unite 25 White 25 Yorks	th & William Benk d Bank of K Trust Bank	groter 7.25 son 7.25 7.25 7.25 (uwait, 7.25 Pic. 7.25	Periogal Spain Surdan Judgarland UK	01/99 01/07 03/99 02/07 07/99 03/07 01/99 05/07 06/07 06/07 08/99 11/04 12/07	9,900 8,752 8,500 8,625 7,400 11,000 8,000 5,000 4,508 6,000 7,250 8,000	103.2594 109.5590 103.7344 111.045 103.7841 716.1638 104.3910 120.2710 105.5300 110.7500 104.6094 110.4822	4.79 4.46 5.39 4.18 5.04 4.21 4.85 4.85 5.19 1.92 3.13 6.58 5.89 5.81	+0.04 +0.05 +0.07 -0.02 -0.01 +0.04 +0.04 +0.08 +0.04 -0.04	-0.62 +0.00 +0.17 -0.04 +0.15 -0.02 +0.03 +0.06 +0.06 +0.13 -0.10 +0.04	-0.26 -0.28 +0.27 +0.19 +0.07 +0.07 +0.01 +0.03 +0.36 +0.36 +0.36	-0.83 +0.93 -1.53 -1.53 -1.53 -1.53 -1.65 -2.04 +0.11 -0.46 -1.82 -1.82 -1.82 -1.82 -1.82 -1.82 -1.82 -1.82 -1.82 -1.82 -1.83
Allied kish Ban Whienry Ancha Banco Bilbao V Bank of Cypnut Bank of treland Bank of India	% (GB) 7.25 kter 7.25 /acsys 7.25 7.25 7.25	Exeter Trust ( Picancial & G  Picanc	Limited 5.3 Sen Bank 8.6 hing & Co 7.5 fehon 7.3 AG Zurich 7.3 Sen Inv Bh.7.3 Shanghai 7.5 Shanghai 7.5	% Single	on & Walliam Berrik of Bernik of K Trust Barrik Berrik Berrik Berrik	ender 7.25 9.001 7.25 7.25 7.25 1.725 1.725 1.725 1.725 1.725 1.725	Peringal Spain Seedan Sellopland	01/90 01/07 03/90 02/07 07/99 03/97 01/99 08/97 03/90 04/97 04/99 11/04 12/07 05/99 11/04	8,500 8,750 8,500 8,525 7,400 7,350 11,000 8,000 4,500 6,750 7,254 8,000 5,500 5,500 6,750 7,254 8,000 5,500 5,500 6,750 7,254 8,000 5,500 6,750 7,254 8,000 8,500	103.2384 109.5589 103.7344 111.0448 103.7841 110.27841 104.3849 104.5890 110.7500 99.3847 104.8994 110.4822 128.5781 101.0531 110.27500	8.78 4.49 5.33 4.18 5.04 4.21 5.25 5.19 1.92 3.13 6.56 5.89 5.89 5.89 5.75	+0.04 +0.05 +0.07 -0.02 -0.07 +0.04 +0.04 +0.04 -0.04 -0.04 -0.05	+0.00 +0.00	+0.26 +0.27 +0.27 +0.17 +0.11 +0.11 +0.01 -0.03 +0.36 -0.14 +0.36 -0.14	-0.8 -0.11 -1.3 -1.3 -1.3 -1.3 -1.3 -1.3 -1.3 -1.3 -1.4 -0.4 -1.5 -0.4 -1.5 -0.4 -1.5 -1.5 -1.7
Alted Itish Bon Whenry Ancha Banco Bilbao V Bank of Cypnard Bank of India Bank of Scotlar Bank of Scotlar	% 7.25 kk (GB) 7.25 cher 7.25 7.25 7.25 7.25 7.25 7.25	Breter Trust i Financial & G Whobert Flex Guinness M Hebib Bank A Whambroe B Hebibble & G C Hongkong & I Investec Bonk	Limited 8.5 ten Bank 8.6 ten Bank 8.6 ten Bank 7.4 ten Fr. 7.3 ten Inv St. 7.3	% Single	on & William Benk of K Trust Bank Benk Benk Benk Benk Benk Benk Benk Be	ender 7.25 9.001 7.25 7.25 7.25 1.725 1.725 1.725 1.725 1.725 1.725	Periogal Spain Surdan Judgarland UK	01/90 61/07 03/99 03/97 07/86 03/97 01/86 04/97 03/97 03/97 11/04 11/04 11/04 11/04 11/04 11/04 11/04 11/04 11/04 11/04 11/04 06/07	8,500 8,750 8,500 8,525 7,400 7,350 11,000 8,000 5,000 4,500 6,700 7,250 8,000 5,825 7,825 8,125	103.2384 109.5589 103.7344 111.048 103.7841 176.1838 104.3619 120.2780 105.5300 110.7500 110.822 128.5781 101.0823 110.823 110	8.78 4.49 5.33 4.18 5.04 4.21 5.05 4.85 5.19 1.92 3.13 8.56 5.89 5.81 6.75 5.72	+0.04 +0.05 +0.07 -0.02 -0.01 +0.03 +0.04 +0.04 -0.04 -0.04 -0.05 -0.05 -0.05	+0.02 +0.08 +0.17 -0.04 +0.16 -0.02 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03 +0.04 +0.04 +0.04 +0.04 +0.06	-0.28 +0.27 +0.17 +0.17 +0.91 +0.91 -0.03 +0.26 +0.34 -0.14 +0.99 -0.08	-0.80 -0.11 -1.50 -1
Alted kish Bon Whienry Ancha Banco Bibao V Bank of Cyptus Bank of India Bank of Scotlar Bank of Scotlar Bank of Scotlar Bank of Scotlar	% 7.25 (GB) 7.25	Exeter Trust ( Picancial & G  Picanc	Limited 8.1 Sen Bank 8.4 Ining & Co72 fehon 7.3 AG Zurich 7.3 Sen inv Bit. 7.3 Shanghai 7.3 k (UK) Lid 7.3 Bank 7.3	% Single	th & William Benk of K Trust Bank Benk Benk Benk Benk Benk Benk Benk Be	ender 7.25 7.25 7.25 7.25 7.25 1.04 7.25 1.04 7.25 7.25	Periogal Spain Detector DETECT	01/90 61/07 03/99 03/97 07/89 03/67 01/89 04/67 03/67 08/97 11/04	8,500 6,750 8,525 7,400 7,350 11,000 6,000 5,000 4,500 6,750 7,255 8,000 5,255 7,275 8,125 8,125 8,125	103.2394 109.6580 103.7344 111.0445 103.7341 718.1828 104.3610 120.2710 105.5800 110.7500 93.3947 104.675 104.675 104.675 104.675 104.675 104.675 104.675 104.675 104.675	4.79 4.49 5.39 4.18 5.04 4.25 5.19 1.92 3.13 6.56 5.81 5.81 5.87 5.81 5.87 5.81 5.87 5.81 5.87 5.81 5.82 5.83 5.83 5.83 5.84 5.85 5.81 5.85 5.81 5.83 5.83 5.83 5.83 5.83 5.83 5.83 5.83	+0.04 +0.05 +0.07 -0.02 -0.03 +0.04 +0.04 +0.04 -0.04 -0.04 -0.04 -0.05 -0.05 -0.05 -0.05 -0.05	+0.00 +0.00	-0.28 +0.27 +0.17 +0.17 +0.01 +0.01 -0.03 +0.26 +0.34 -0.14 +0.09 -0.08	-0.5 -0.1 -0.7 -1.5 -1.2 -1.2 -0.2 -0.4 -0.4 -1.5 -2.0 -1.5 -1.5 -1.5 -1.5 -1.5 -1.5 -1.5 -1.5
Alted kish Ban Whienry Ancha Banco Bibao V Bank of Cyptus Bank of India Bank of Scotlar Bank of Scotlar Bank of Scotlar Bank of Mid E	% 7.25 (GB) 7.25	Exeter Trust ( Financial & G  #Robert Flex  ##Guinness M  ##Hebib Blank A	Limited 8.5 ten Bank 8.6 ten Bank 8.6 ten Bank 7.5 ten Bank 7.7 ten Ba	% Single	on & William Benk of K Trust Bank Benk Benk Benk Benk Benk Benk Benk Be	ender 7.25 7.25 7.25 7.25 7.25 1.04 7.25 1.04 7.25 7.25	Periogal Spain Surdan Judgarland UK	01/50 61/67 03/59 03/67 03/67 03/67 04/67	8,900 8,750 8,550 8,555 7,450 11,000 8,000 5,000 4,500 6,780 7,250 8,000 5,825 7,275 6,125 4,000	103.2394 109.8590 103.7344 111.0495 104.3610 120.2710 105.5000 110.7500 93.3847 104.8594 110.4822 123.5761 101.9548 105.4375 101.9548 105.4375 98.3847 104.8594 110.482 123.5761 101.9548 105.4375 98.7000	4.78 4.18 5.04 4.25 4.25 4.25 5.19 1.92 3.13 6.98 5.81 5.72 5.72 5.72 5.72 5.72 5.72	+0.04 +0.05 +0.07 -0.02 -0.02 +0.03 +0.04 +0.04 -0.04 -0.04 -0.04 -0.03	+0.02 +0.08 +0.19 +0.17 -0.05 +0.05 +0.05 +0.05 +0.06 +0.13 -0.10 +0.06 +0.06 +0.06 +0.06 +0.06 +0.06 +0.06 +0.06	-0.25 -0.25 +0.27 +0.27 +0.07 +0.07 +0.01 +0.03 +0.03 +0.03 -0.04 +0.34 -0.05 +0.34 -0.05 +0.05	-0.5 -0.1 -0.1 -0.1 -0.1 -0.1 -0.1 -0.1 -0.1
Allied Itish Bon teNierry Ancha Banco Bibao V Bank of Cypnus Bank of Inda Bank of Inda Bank of Mid E Bank of Mid E Bank of Mid E Chank NA Chydradale Bar Chydradale Bar	** ** ** ** ** ** ** ** ** ** ** ** **	Engler Trust ( Financial & Genoral Selection of Gulanness M Habib Bank A Habib Bank A Habibble & G C. Houre & C Honglong & I Invester Bank Julian Hodge ØLegold Jank Madand Bank Madand Bank	Limited 8.5 ten Stank 8.4 thing & Cor2 ten Stank 7.5 ten in Stank 7.5 ten in Stank 7.5 things the Limited Stank 7.5 things the Limited Stank 7.5 things the	Sin	th & William Benk of K Trust Bank Benk Benk Benk Benk Benk Benk Benk Be	ender 7.25 7.25 7.25 7.25 7.25 1.04 7.25 1.04 7.25 7.25	Periogal Spain Detector DETECT	01/90 61/07 03/99 03/97 07/89 03/67 01/89 04/67 03/67 08/97 11/04	8,900 8,750 8,550 8,555 7,450 11,000 8,000 5,000 4,500 6,780 7,250 8,000 5,825 7,275 6,125 4,000	103.2394 109.6580 103.7344 111.0445 103.7341 718.1828 104.3610 120.2710 105.5800 110.7500 93.3947 104.675 104.675 104.675 104.675 104.675 104.675 104.675 104.675 104.675	4.79 4.49 5.39 4.18 5.04 4.25 5.19 1.92 3.13 6.56 5.81 5.81 5.87 5.81 5.87 5.81 5.87 5.81 5.87 5.81 5.82 5.83 5.83 5.83 5.84 5.85 5.81 5.85 5.81 5.83 5.83 5.83 5.83 5.83 5.83 5.83 5.83	+0.04 +0.05 +0.07 -0.07 +0.04 +0.04 -0.04 -0.04 -0.05	+0.02 +0.08 +0.13 +0.17 -0.04 +0.15 -0.02 +0.08 +0.08 +0.13 -0.10 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.08 +0.09 +0.00	-0.25 -0.25 +0.27 +0.27 +0.07 +0.07 +0.01 +0.03 +0.03 +0.03 -0.04 +0.09 +0.09 +0.09 +0.09 +0.00	-0.65 -0.11 -0.15 -0.17 -1.55 -1.25
Allied Itish Bon Whitmy Ancha Bank of Cypnic Bank of India Bank of India Bank of Scotlar Bank of Mid E Bank of Mid	% (GB) 7.25 cher 7.25 7.25 7.25 7.25 7.25 7.25 7.25 7.25	Breter Trust ( Francist & G  Whober Flest  Gruinness M  Hebb Bank A  Whamhore B  Ca. Heare 6: C  Honglong 6: I  Investe: Bank  Julian Hodge  ØLeopold Jose  Lloyds Bank  Madend Bank  Nativestonins	Limited 8.5 sen Bank 8.4 sen Bank 8.4 sen 7.2 sen 19.7 se	Single Si	th & William Benk of K Trust Bank Benk Benk Benk Benk Benk Benk Benk Be	ender 7.25 7.25 7.25 7.25 7.25 1.04 7.25 1.04 7.25 7.25	Periogal Spain Surician Duriciani UK UE EDU Looke chains, "Me	01/90 6/407 03/99 03/97 07/96 03/97 01/96 04/97 04/97 11/94 12/97 08/27 04/97 04/97 04/97 04/97	8,960 8,750 8,500 8,955 7,408 7,352 11,000 8,000 4,508 8,000 6,750 7,255 8,000 5,000 6,750 7,255 8,100 8,000 4,500 8,000	103.2394 109.5590 103.7344 111.0445 103.7841 112.1828 104.3910 120.2710 105.5900 110.7500 99.3947 104.6994 110.4822 128.5781 101.6831 111.4822 128.5781 101.533 102.8488 105.4375 99.7000 103.5900	8.79 4.49 8.39 4.18 5.04 4.21 4.65 4.85 5.19 2.13 6.56 5.81 6.75 5.00 5.72 5.99 4.17 4.99	+0.04 +0.05 +0.01 -0.02 -0.01 +0.03 +0.04 -0.04 -0.04 -0.03 -0.03 -0.03 -0.03 -0.03 -0.03 -0.02 -0.02 -0.02 -0.02 -0.02 -0.02 -0.02 -0.03	+0.02 +0.08 +0.13 +0.17 -0.02 +0.05 +0.03 +0.03 +0.03 +0.03 +0.04 +0.04 +0.08 +0.08 +0.08	+0.25 +0.27 +0.27 +0.97 +0.97 +0.91 +0.93 +0.26 +0.34 -0.94 -0.93 +0.02 +0.02 +0.02 +0.02	-0.5 -0.1 -0.1 -0.1 -0.1 -0.1 -0.1 -0.1 -0.1
Alterd Itish Bon Mining Arcba Banco Babao V Bank of Cyptus Bank of India Bank of India Bank of Scotlar Bank of Minis Embrus Shipley (Citishin NA Clydusdale Bank The Co-operate Count a 2 Co	**************************************	Eneter Trust ( Financial & Genoral Research Field Gulanness M Habb Bank A Habb Bank A Habb Bank A Habb Bank A Habbe Bank A Lungkang & C Hongkang & C Hongkang & C Lyoge Bank Midland Bank NadWestmins eRee Berths eRee Berths	Limited 8.5 sen Bank 8.6 sen Bank 8.7 sen Bank 7.7 sen Bank 7.3 sen Pank 7.3 sen Pa	Single Si	th & William Benk of K Trust Bank Benk Benk Benk Benk Benk Benk Benk Be	ender 7.25 7.25 7.25 7.25 7.25 1.04 7.25 1.04 7.25 7.25	Peringel  Spein  Section  Justiculand  UK	01/90 01/07 03/99 03/07 01/95 08/07 01/95 06/07 06/07 06/07 06/07 11/04 12/07 06/07 11/04 06/07 06/07	8,960 8,750 8,500 8,955 7,408 7,352 11,000 8,000 4,508 8,000 6,750 7,255 8,000 5,000 6,750 7,255 8,100 8,000 4,500 8,000	103.2394 109.8590 103.7344 111.0495 104.3610 120.2710 105.5000 110.7500 93.3847 104.8594 110.4822 123.5761 101.9548 105.4375 101.9548 105.4375 98.3847 104.8594 110.482 123.5761 101.9548 105.4375 98.7000	8.79 4.49 8.39 4.18 5.04 4.21 4.65 4.85 5.19 2.13 6.56 5.81 6.75 5.00 5.72 5.99 4.17 4.99	+0.04 +0.05 +0.01 -0.02 -0.01 +0.03 +0.04 -0.04 -0.04 -0.03 -0.03 -0.03 -0.03 -0.03 -0.03 -0.02 -0.02 -0.02 -0.02 -0.02 -0.02 -0.02 -0.03	+0.02 +0.08 +0.13 +0.17 -0.02 +0.05 +0.03 +0.03 +0.03 +0.03 +0.04 +0.04 +0.08 +0.08 +0.08	+0.25 +0.27 +0.27 +0.97 +0.97 +0.91 +0.93 +0.26 +0.34 -0.94 -0.93 +0.02 +0.02 +0.02 +0.02	-0.65 -0.11 -0.17 -0.17 -1.55
Alted Itish Bon Affering Ancho Banco Bilboo V Bank of Lypnus Bank of Scotlar Bank of Scotlar Bank of Scotlar Bank of Scotlar Bank of B	** ** ** ** ** ** ** ** ** ** ** ** **	Breter Trust ( Francish & Genobert Flest Gulanness M Hebb Bank A Hebbble & G C. Houre & C Honglong & I Invester Bank Julian Hodge ØLegold Jana Lloyds Bank Madand Bank Natifications Gree Brother Royal Bk of S	Limited 5.5 as Bank 8.4 hing & Co 7.2 febron 7.4 Caucht 7.3 cank 7.4 cank 7.5 febron 7.5	William Signature of Signature	th & William Benk of K Trust Bank Benk Benk Benk Benk Benk Benk Benk Be	ender 7.25 7.25 7.25 7.25 7.25 1.04 7.25 1.04 7.25 7.25	Peringel  Spain  Switzerien  Selizarieni  SE  EDS  Loote chain, "Nebe Leed marks	01/90 01/07 03/99 03/07 01/95 08/07 01/95 06/07 06/07 06/07 06/07 11/04 12/07 06/07 11/04 06/07 06/07	8,960 8,750 8,500 8,955 7,408 7,352 11,000 8,000 4,500 6,750 7,250 8,000 5,000 6,750 7,255 8,000 5,000 6,750 7,255 8,000 6,000 6,750 7,255 8,000	103.2394 109.5590 103.7344 111.0445 103.7841 112.1828 104.3910 120.2710 105.5900 110.7500 99.3947 104.6994 110.4822 128.5781 101.6831 110.4822 128.5781 101.6831 102.8488 105.4375 99.7000 103.5900	8.79 4.49 8.39 4.18 5.04 4.21 4.65 4.85 5.19 2.13 6.56 5.81 6.75 5.00 5.72 5.99 4.17 4.99	+0.04 +0.05 +0.01 -0.02 -0.01 +0.03 +0.04 -0.04 -0.04 -0.03 -0.03 -0.03 -0.03 -0.03 -0.03 -0.02 -0.02 -0.02 -0.02 -0.02 -0.02 -0.02 -0.03	+0.02 +0.08 +0.13 +0.17 -0.02 +0.05 +0.03 +0.03 +0.03 +0.03 +0.04 +0.04 +0.08 +0.08 +0.08	+0.25 +0.27 +0.27 +0.97 +0.97 +0.91 +0.93 +0.26 +0.34 -0.94 -0.93 +0.02 +0.02 +0.02 +0.02	-0.65 -0.11 -0.17 -0.17 -1.55
Alterd Itish Bon Mining Arcba Banco Babao V Bank of Cyptus Bank of India Bank of India Bank of Scotlar Bank of Minis Embrus Shipley (Citishin NA Clydusdale Bank The Co-operate Count a 2 Co	** ** ** ** ** ** ** ** ** ** ** ** **	Eneter Trust ( Financial & Genoral Research Field Gulanness M Habb Bank A Habb Bank A Habb Bank A Habb Bank A Habbe Bank A Lungkang & C Hongkang & C Hongkang & C Lyoge Bank Midland Bank NadWestmins eRee Berths eRee Berths	Limited 5.5 as Bank 8.4 hing & Co 7.2 febron 7.4 Caucht 7.3 cank 7.4 cank 7.5 febron 7.5	William Signature of Signature	th & William Benk of K Trust Bank Benk Benk Benk Benk Benk Benk Benk Be	ender 7.25 7.25 7.25 7.25 7.25 1.04 7.25 1.04 7.25 7.25	Peringel  Spain  Switzerien  Selizarieni  SE  EDS  Loote chain, "Nebe Leed marks	01/90 01/07 03/99 03/07 01/95 08/07 01/95 06/07 06/07 06/07 06/07 11/04 12/07 06/07 11/04 06/07 06/07	8,960 8,750 8,500 8,955 7,408 7,352 11,000 8,000 4,500 6,750 7,250 8,000 5,000 6,750 7,255 8,000 5,000 6,750 7,255 8,000 6,000 6,750 7,255 8,000	103.2394 109.5590 103.7344 111.0445 103.7841 112.1828 104.3910 120.2710 105.5900 110.7500 99.3947 104.6994 110.4822 128.5781 101.6831 110.4822 128.5781 101.6831 102.8488 105.4375 99.7000 103.5900	8.79 4.49 8.39 4.18 5.04 4.21 4.65 4.85 5.19 2.13 6.56 5.81 6.75 5.00 5.72 5.99 4.17 4.99	+0.04 +0.05 +0.01 -0.02 -0.01 +0.03 +0.04 -0.04 -0.04 -0.03 -0.03 -0.03 -0.03 -0.03 -0.03 -0.02 -0.02 -0.02 -0.02 -0.02 -0.02 -0.02 -0.03	+0.02 +0.08 +0.13 +0.17 -0.02 +0.05 +0.03 +0.03 +0.03 +0.03 +0.04 +0.04 +0.08 +0.08 +0.08	+0.25 +0.27 +0.27 +0.97 +0.97 +0.91 +0.93 +0.26 +0.34 -0.94 -0.93 +0.02 +0.02 +0.02 +0.02	-0.65 -0.11 -0.17 -0.17 -1.55

2.09 0.24 0.51 0.45 0.45 0.13	Quality Service.  LIND-WALDOCK & COMPANY SERVICES OF FORCES OF SERVICES	Institutional service for petrate elients. O800-262-4 Londox: 0171-247-1701 Germany: 0184-918100 Switzerfrone: 08 00 55 88 www.find-reakinele.com		
1.55 8.79 1.53 1.73 1.29 1.89 1.89	mini REUTERS 0800 8	PAGER .		
0.11 0.48 0.40 1.82 1.82 2.02	IGINDEX 017	4X FRE		
1.21 1.15 1.16 1.30	OFFSHORE CON  Establishment in 1975 COSPA may 20 officer scored ledge and 7  For 100 peop FFRE colour benchmary final in  INLE OF AMER IN SUBJECTIVE COOK, INC.  Unstitute RESHARD TO COOK, INC.  LONGINGE RESHARD TO COOK, INC.  1916 -44 TIPE  LONGINGE RESHARD TO COOK, INC.  1916 -44 TIPE  LONGINGE RESHARD TO COOK, INC.  1916 -45 TIPE  LONGINGE RESHARD TO COOK, INC.  1916 -45 TIPE  LONGINGE RESHARD TO COOK, INC.  1917 -1917 -1918 -	192344   France 44 1924 (1935)   1925   1926   France 44 171 583 (1935)   1927   France 452 2823 1935   1924   France 1 714-854 (1937)		
City No:	The FT GHDE TO WORLD CURRENC newspaper and covering over 200 currencies, i following muniter from the bandest of your Calls are charged at 50p/min at all times. For a please phone 0171-873 4378. (Ca	s now available by dial fax machine, 0891 437 nore information or ass		

Belgium   (8Fr)   100   18.48   18.24   4.843   1.820   4787   5.449	20.13 496.3 411.4 20.78 4.032 1.519 3.574 2.696 353.6 2.450 10.89 283.9 222.7 11.25 2.182 0.676 2.097 1.460 101.3 1.326 12.39 101.6 259.4 12.80 2.453 0.997 2.396 1.661 217.7 1.609 4.195 102.6 84.95 4.290 0.633 0.334 0.800 0.557 72.99 0.560 10.46 258.5 214.3 10.52 2.100 0.843 2.018 1.405 10.41 1.276 0.420 10.37 8.505 0.434 0.084 0.034 0.081 0.055 7.384 0.501 10.40 28.6 204.4 10.32 2.003 0.804 1.525 1.340 175.8 1.217 4.692 10.6 82.97 4.107 0.710 0.455 6.488 0.450 10 246.8 204.4 10.32 2.003 0.804 1.525 1.340 175.8 1.217 4.692 10.6 82.97 4.1187 0.812 0.326 0.781 0.545 6.596 1.214 0.494 4.992 12.96 10.9 5.051 0.990 0.383 0.992 0.566 8.592 0.968 9.585 238.8 190.0 10 1.940 0.779 1.864 1.295 170.1 1.179 4.997 123.1 102.0 6.183 1 0.407 0.967 0.669 87.66 0.608 12.43 3.05.5 254.1 12.84 2.491 1 2.993 1.666 27.83 1.665 27.35 1.514 6.195 12.8.1 105.2 5.364 1.041 0.415 1 0.696 97.66 0.608 1.244 0.40 115.4 5.779 1.141 0.455 1.965 0.763 10.098 2.215 202.5 107.9 8.481 1.645 0.600 1.696 0.763 10 0.603 8.215 202.5 107.9 8.481 1.645 0.681 1.581 1.107 1.445 1 1.800 0.603 1.500 0.603 1.500 0.703 10 0.603 8.215 0.205 1.605 2.500 0.608 1.500 0.608 1.500 0.703 10 0.603 8.215 0.205 1.605 0.703 10 0.603 8.215 0.205 1.605 0.508 1.500 0.703 10 0.603 8.215 0.205 1.605 0.703 10 0.603 8.215 0.205 1.605 0.703 10 0.603 8.215 0.205 1.605 0.703 10 0.603 8.215 0.205 1.605 0.703 10 0.603 8.215 0.205 1.605 0.703 10 0.603 8.215 0.205 1.605 0.703 10 0.603 8.215 0.205 1.605 0.703 10 0.603 8.215 0.205 1.605 0.703 10 0.603 8.215 0.205 0.605 0.605 0.703 10 0.603 8.215 0.205 0.605 0.605 0.703	Balgiorn   24   374   38   375   44   6.00   2.75	Betgias Frant   32 - 32   346 - 316   32 - 32   32 - 32   44 - 32   20   20   20   20   20   20   20
Down   Set price   Disager   High   Low   Est-vol   Open   vs.	Price May Jun Jul Nay Jul Jul Nay Jul Jul 100 100 100 100 100 100 100 100 100 10	Apr 24 Clase Prov. close Pr	## OTHER CURRENCIES  Apr 24
COMPAND   MONEY RATES   Apr 24   Over 1 Compand   Over	Reside   1,000   105,7800   1,12	FUTURES OPTIONS & FOREX SEPOREX SEPOREX SEPOREX SEPOREX SEPORES TELL 0171 639 1135 EAX: 0171 495 0022 http://www.bl.co.uk	All Futures. Options  & Margined Forex  Connect Topy Townsend Tel. 1177 1377 3949  Ernstill regar townsends policious Wer Stite Interplanmagnic on of
Bank, Bitts  - 716 - 73 - 73 - 73 - 74 - 75  Local selflordy depts.  73 - 7 - 716 - 716 - 716 - 716 - 717 - 716 - 73 - 716 - 73  Disposal Market depts  73 - 7 - 716 - 716 - 716 - 716 - 717 - 716 - 717 - 716 - 717  Uit observery special base landing rate 716 per count from Nov B, 1997  Uit to 1 - 1 - 1 - 15 - 8 - 8 - 8 - 12  Borris of Tax dept. (£100,000) 4 - 8.5 - 8.5 - 8.25  Corts of Tax dept. (£100,000) 4 - 8.5 - 8.5 - 8.25  Corts of Tax dept. (£100,000) 4 - 8.5 - 8.5 - 8.25  Corts of Tax dept. (£100,000) 8 - 80. 18.25  Corts of Tax dept. (£100,000) 8 -	1907 6.908 794.0200 4.95 - +0.87 +0.07 -0.82 1925 6.008 107.3400 8.48 +0.01 +0.07 +0.07 -0.82 1925 6.008 107.3400 8.48 +0.01 +0.07 +0.01 -1.27 1925 6.000 102.0000 8.48 +0.01 +0.03 +0.03 +0.03 +0.05 11.04 7.900 115.0900 8.73 +0.01 +0.03 +0.05 +0.07 +0.00 127.77 0.000 197.7708 4.94 +0.01 +0.08 +0.05 -0.18 197.77 0.000 115.0900 8.47 +0.02 +0.00 +0.05 -1.18 1925 6.000 115.0000 5.47 +0.02 +0.04 +0.05 -1.18 1925 6.000 115.0000 5.99 - +0.04 +0.05 +0.05 -0.94 1925 6.000 115.0000 5.99 - +0.05 +0.00 -0.35 1925 6.000 115.0000 5.99 - +0.05 +0.00 -0.35 1925 6.000 115.0000 5.99 - +0.05 +0.00 -0.35 1925 6.000 115.0000 5.99 - +0.05 +0.00 -0.35 1925 6.000 115.0000 5.90 - +0.05 +0.00 -0.35 1925 6.000 115.0000 5.90 - +0.05 +0.00 -0.35 1925 6.000 117.0000 5.90 - +0.05 +0.00 -0.35 1925 6.000 - +0.05 +0.00 -0.35 1925 6.000 - +0.05 +0.00 -0.35 1925 6.000 - +0.05 +0.00 -0.35 1925 6.000 - +0.05 +0.00 -0.35 1925 6.000 - +0.05 +0.00 -0.35 1925 6.000 - +0.05 +0.05 +0.05 -0.35 1925 6.000 - +0.05 +0.05 +0.05 -0.35 1925 6.000 - +0.05 +0.05 +0.05 -0.35 1925 6.000 - +0.05 +0.05 +0.05 -0.35 1925 6.000 - +0.05 +0.05 +0.05 -0.35 1925 6.000 - +0.05 +0.05 +0.05 -0.35 1925 6.000 - +0.05 +0.05 +0.05 -0.35 1925 6.000 - +0.05 +0.05 +0.05 +0.05 -0.35 1925 6.000 - +0.05 +0.05 +0.05 +0.05 +0.05 +0.05 1925 6.000 - +0.05	F.X. FUTURES & OPTIONS 24 HOURS 0171 522 3333 sta regulated  Fast Fills.  LOW Rates.  \$5.\$25  Patres & Options, yound-torn Institutional service for petrate clients,	Looding international tax planning firm, offers tull service.  Louding Helen Harper, LLB (HONS) Tab + 44171 352 2274  Babilis: Pater Murphy B.Comm. Tab + 3331 Hz 1388  Beautiful Harper, LLB (HONS) Tab + 44171 352 2274  Babilis: Pater Murphy B.Comm. Tab + 3331 Hz 1388  Bould Harper Murphy B.Comm. Tab + 3331 Hz 1388  Bould Harper Murphy B.Comm. Tab + 3331 Hz 1388  Bould Harper Murphy B.Comm. Tab + 3331 Hz 1388  Bould Harper Murphy B.Comm. Tab + 34171 352 2274  Bould Harper Murphy B.Comm. Tab + 44171 352 2274  Bould Harper Harper Murphy B.Comm. Tab + 44171 352 2274  Bould Harper Murphy B.Comm. Tab + 44171 352 2274  Bould Harper Harper Murphy B.Comm. Tab + 44171 352 2274  Bould Harper Harper Harper B.Comm. Tab + 44171 352 2274  Bould Harper Harper B.Comm. Tab + 44171 352 2274  Bould Harper Harper B.Comm. Tab + 44171 352 2274  Bould Harper Harper B.Comm. Tab + 44171 352 2274  Bould Harper Harper B.Comm. Tab + 44171 352 2274  Bould Harper B.Comm. Tab + 44171
BANK OF ENGLAND TREASURY BILL TENDER  Apr 24 Apr 17  Bills on older Total of applications 2570m E100m	Depart   Control   Contr	QUALITY SERVICE.  LIND-WALDOCK & COMPANY  Still Chicagol St. Fandam ECTY (I'P)  Freephone  FITURES PAGER  0800-262-472  London: 0171-2471-1701  Germany: 0188-918100  Switzeriane: 60 00 05 58 28  WWW.find-waldock.com  WINDSTREEPHONE  FITURES PAGER	REAL-TIME ELECTRONIC FOREX DEALING PREE price food, charts and news  WWW.Aforex-cmc.co.uk  E-Mail: roger2: forex-cmc.co.uk • Tel: +44 (0) 1992 535550
Adam & Company Alled itsh Bonk (GB) Alled itsh Bonk	Byelin	SHARES - TAX FREE* O171 896 0011 FINANCIAL OFFSHORE COMPANIES	Artus Gas Connections  Twice-monthly intelligence brief on Eurobean gue and power generation markets  Petroleum Argus  Free trial (44 17): 352 3782. Email: sales & porroleum argus, some  WANT TO KNOW A SECRET?  The LD.S./G.M.L. Seminar will show you how the markets REALLY work. The amazing trading techniques of the legendary W.D. Gustn can increase your profits and contain your losses. How? That is the secret.  About 19 from Management Lat. April - application your losses. How? That is the secret.
Association  Citizante NA 725 Clydesdale Bank 725 Clydesdale Bank 725 Clydesdale Bank 725 The Co-operative Bank 725 Countre & Co 725 Cyprus Popular Bank 725 Cyprus Popular Bank 725 Custe & Co 725 Cyprus Popular Bank 725 Cyprus Popular Bank 725 Custe & Co 725 Cyprus Popular Bank 725	Bibli D1/00 4.000 582/000 4.17 +0.02 = +0.11 -0.15 0.467 5.500 103.5000 4.89 -0.02 +0.07 +0.05 -1.30 Looten chains, "New Yest chains. Yeste Local market transformational yield beat. Yeste course for they exclude withholding fact at 12.5 per caret pagestal by correspondence.  Fig. 4 Accept Interest Local City Wife, Accept Interest Land City +1 2m day in lines 190.5 4 -1 2m that all loc 0.1 1,529 5/19 16/19 18.3 1220 Index-United (b)	Established in 1975 CCFA has 20 offices early left and 750 party-made companies analysis. For 100 page PFRE colors browking and film shall be present as a constraint of the 100 page 1	FREE ACCESS TO REAL TIME FUTURES DATA?  Enter Data Service Lize  L'ANTO P'  + 44 (0) 171 892 3311  enter I we let by line copyrope cons  Regulated by the SPA
Shedder   Charge up to Phen Young    Shedder	25 Mri Mri 25 2 22 20 25 2 25 2 25 2 25 2 25 2 2 25 2 2 2 2	FX - Money Markets - Swaps Bonds - Market Comment - News  WWW.moneyandbonds.com  One month free trial for new users  STANDARD SPOORS ComStock on the Net Red triange of international stocks, furtures, options	Real time plobel coverage of Shares, Germanica, Bonts, Commodition, Futures à Options, For more info and FREE demo disc calls +44 (0)171 405 1004  From Data Broadcasting Corporation for each being position for each call to a contract of the contract of t
Tests 84pt 2000	-5 &100 Mc27 Set7 213 2229 Officer Fired Indonest	Basic Version (1985)  Basic Version (1985)  Contact: Belden Nation Tale; +64 (6) 181 545 6611 or e-mell; Ankles partial Place Tale; +64 (6) 181 545 6611 or e-mell; Ankles partial Place Property Hilly contact Property Hilly contac	REAL-TIME DATA ON YOUR PC  option + finitum + option + derivatives + bonds + commodities All AMERICANS + FORDS + EUROPEANS + NEWS + CHAITE  IN YOUR COUNTRY NOW 70 Countries across Europe, the Middle Enst and african + from Heland 10 Moscow, from Finland to Yemen  Www.dbccuro.com Tel +44 171 793 3100
Trans on Carrier 1992.  First to Pitana Value 1992.  Can Style 2002.  \$ 112.3 0.1 2 0.014 3.014 5.6 10.000 50.000	Leach 13-jec 2006 10½ 40 Apt Oct 18.3 344	Market-Eye Real-time equities, futures, emions and news from only 554 per month.  Treenham, 0800 321 321  WWW.market-eye.co.uk	FULURESOURCE    State   The property of the pr

THAT TAKES

The state of the s

duck of temperature) The state to the state of the s the time merende in the Section of the second of the s

The state of the s

The second of th

- service desperation of the service of the service

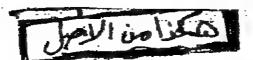
All state town (100 pt ) given h.

The second secon

LONDON SHARE SERVICE

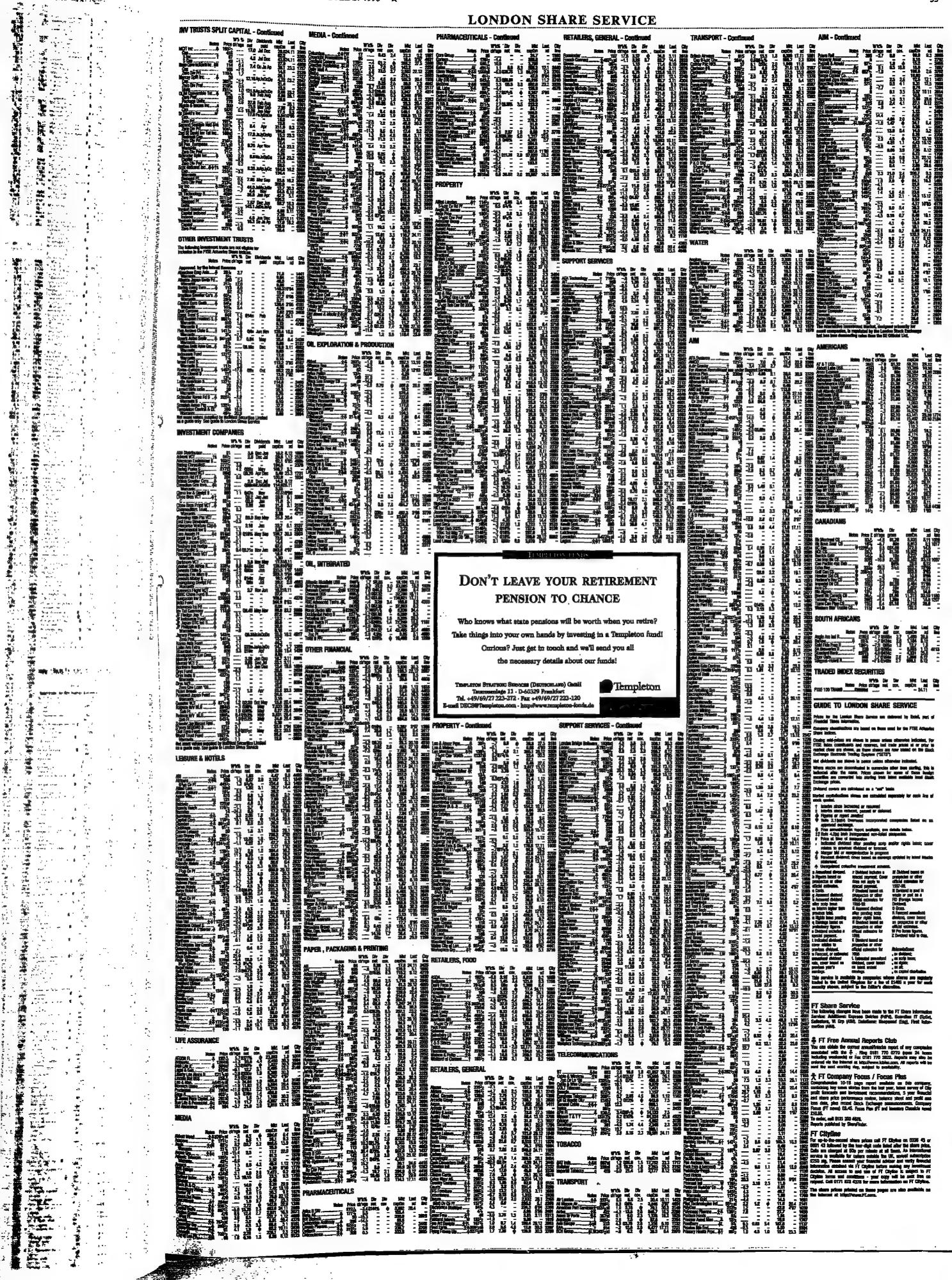
THE TRENDS THAT SHAPE YOUR WORLD SHAPE OUR WEBSITE. | Compared BESTROWN & BESTROWN AS EXTREME BY THE PROPERTY OF THE PROPERTY 132 April 132 Ap ELECTRONIC & ELECTRICAL BOPT 2017年 - 1220年 - 1220 CONSTRUCTION

WAS IN DE CAMPO ANT CA 



CONTRACTOR STATES

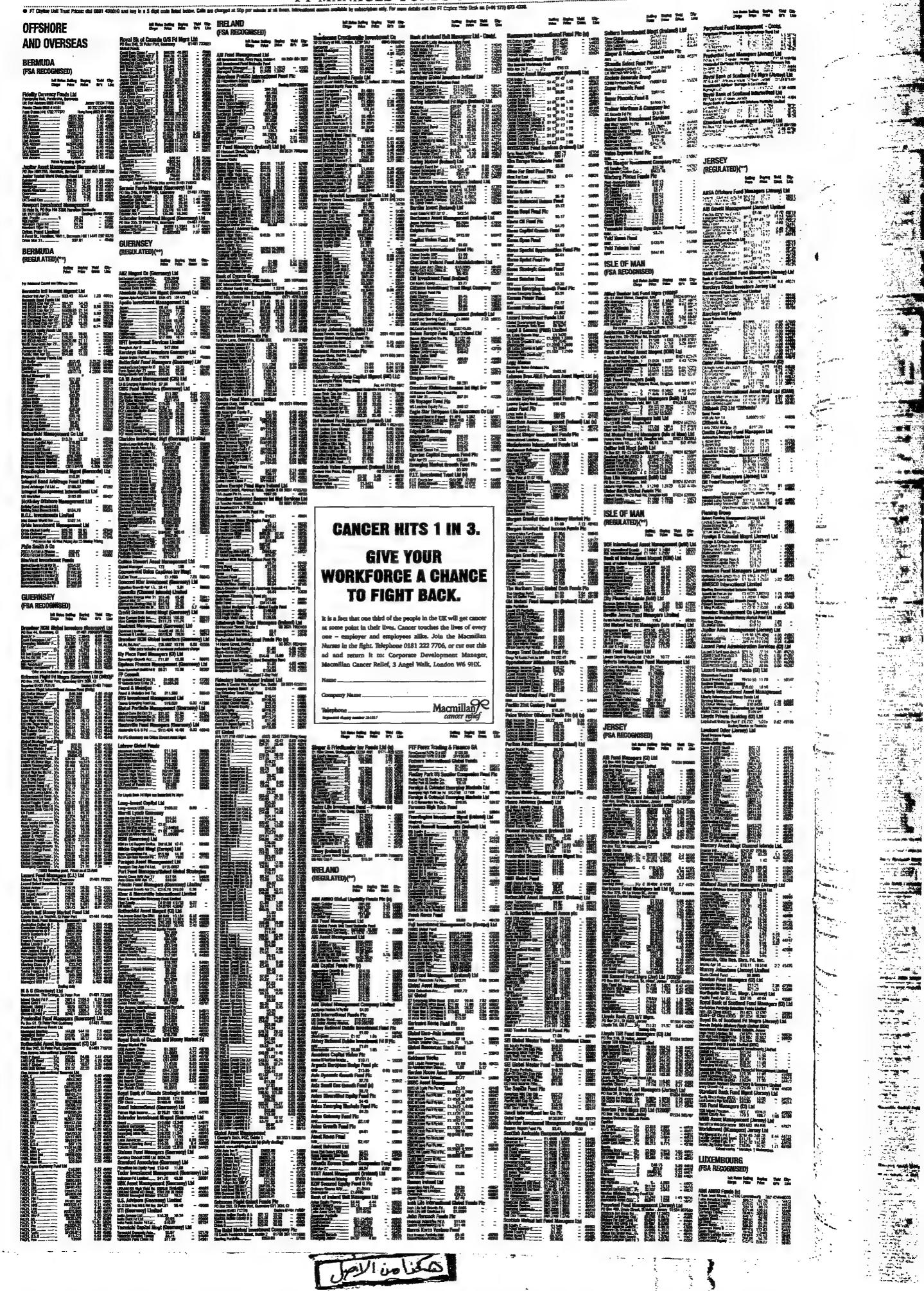
مكناه الاجل



34

The second secon

Company of the Compan



JIMB N. Assassan

FINANCIAL TIMES MONDAY APRIL 27 1998

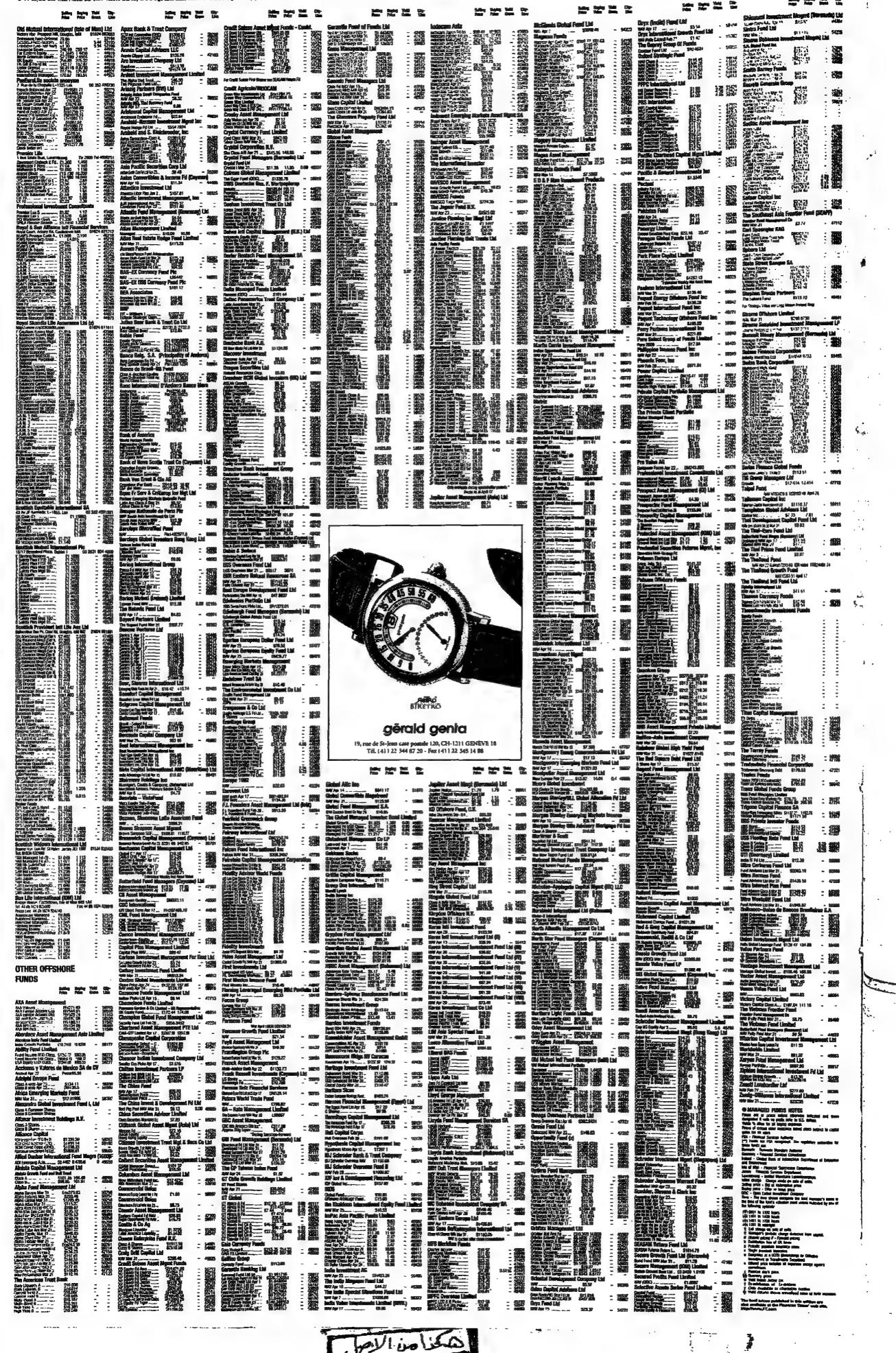
Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

翻盟 ~ (271) - (685) - 4764 - 466 - 47457 - 45861 \_ 5 DE 102290 12.90 - 4759 - 4363 - 概 - 25 27 M 242 일본 47312 12313 47315 制器 LITE. - 3493 钀 STORE

36

The sur The Sign of the sur-tion of the sur-



**Rockwell Automation** products tell manufacturing equipment where to go, 

PRIAME (APP A) (No. 1)

PRIAME

how fast to move

and what to do.

🗘 Rockwell

The PTIGAP ACCUMANT WITH Michaelman Limited, licketums, Stein & Ox and Standard & Fear<sup>1</sup>. The Indian are compiled by PTISE international Limited, licketums, Stein & Ox and Standard & Fear<sup>1</sup>. The Indian are compiled by PTISE international Limited, licketum, Stein & Ox and Standard & Fear<sup>1</sup>. The Indian are compiled by PTISE international Limited and Standard & Fear<sup>1</sup> in respective with the Fearling of Received and Indian are compiled by PTISE international Limited and Standard & Fear<sup>1</sup> in respective with the Fearling of Received Ptise and Standard & Fear<sup>1</sup> in Indian Standard & Fear<sup>1</sup>

57455 Wester 34.75
1477 Wester 142.75
847077 Wester 0.356
MONTREAL (Apr 24 / Can S)
4 pm closes
150025 StoCan
1500 GTCs 17
84765 JOhnte 12.5
22957 Million 12.5
4400 Obsert 25.5
44000 Vester 17.45

Action of the control of the control

332 0,86

GUEST.

Sheraton Brussels
HOTEL & TOWERS

**HIII**Sheraton

When you stay with us in BRUSSELS

FINANCIAL TIMES

24, 16, Canada 2
25, 25, Committee 2
25, 25, Committee 3
25, C

19th 17th IPL residuals 25th Dates and 15th 27th Dates and 15th 27

13- 24- EX hall select a selec

- E -

- C -- D -

30/2 | 10 Cast RF 41/2 | 17/2 Cast Re 42 | 15/2 Cast Re 17/2 | 15/3 Cast Spe 25/2 | 15/3 Cast Spe 25/2 | 15/3 Cast Spe 75/2 | 25 Cast Republic 25/2 | 25 Cast Republic 25/2 | 25 Cast Republic

104 Euro (1 104 Euro (1 22) Euro (1 22) Euro (1 22) Euro (1 24) Euro (1 25) Eu

1.00 de 11 de 185 ha 185 ac 200 de 21 de 2 - 21 -

湯 北京市等

-\$-

1.7 1.3 27 500 and 1.7 600 and 75 147 Dennet 25 147 Dennet 25 147 Dennet 25 27 Den Coa 27 Den Coa 27 Den Coa 27 Den Coa 27 Dennet 28 17 D -¥-

For Free Assert Reports Clab
You can obtain the current annual reports and if available quarterly reports of any companies on the US exchanges with a \$ symbol. To order reports into financiational Access? 1-804-52 1-8057 or give the names of the companies whose reports you want and fax your request to (International Access) 1-804-52-6135. Reports will be sent the next working day, subject to availability. You can also order ordine at http:// www.icbina.com/opi-bis/fil.

erete samestaken

18 ATA マンス (20年) アンスト (20年) マンスト (20年)

The state of the s The State of the S

Tara a

The final of the first of the f

High 7th GHM Op 101. 37 Oak bety 45. 347, Debend He 24. 27th (Many 24. 27th (Many 25. 347, Oak 25. 347, Oak 25. 345, Oak 26. 455, Oak 45. 455, Oak 0.22 26 14 284 174 124 174 27 501 265 265 265 274 626 13 12 15 75 15 636 15 475 75 55 55 1.16 23 16 700 185 185 185 82 61 19 700 185 185 185 82 61 19 700 185 185 185 10年の日本 تعكنامن الاص

THE MENT OF STATE OF

17 Judget Br 24-ly Juste Bry 25 July Str 4-ly Jup Str 4-ly Jup Str 4-ly July 12-ly Justine

中国 李章祖中的一个人的一个人的一个人

SCHOOL SHOWING WRITE

--7

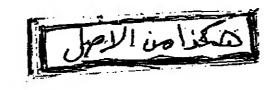
1

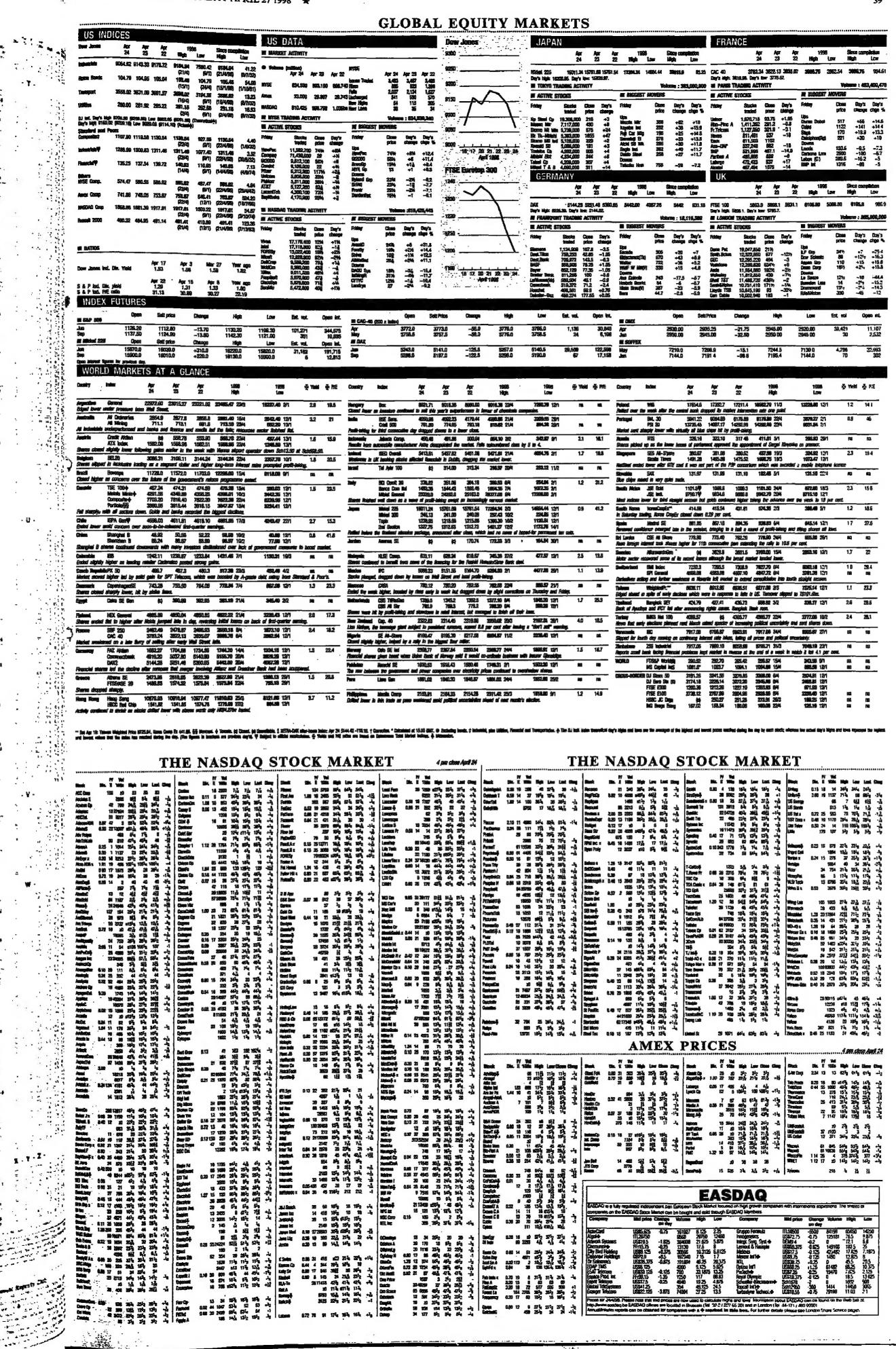
1 4

一一日 一日

200 m

16.56





#### Chirac meets Hashimoto

Jacques Chirac, president of France, holds a summit meeting with Japan's prime minister, Ryutaro Hashimoto, to discuss bilateral relations and the International situation including the Asian economic crisis. During his stay, Chirac will also meet the emperor, former prime ministers and visit a leading electronics company.

#### Nuclear friction

Preparations for the review conference of the nuclear non-proliferation treaty in 2000 resume in Geneva with a two-week meeting open to all 186 member states. The meeting is expected to be lively, with



non-nuclear states pressing for "no first-strike" assurances from the nuclear powers and non-governmental organisations calling for the launch of nuclear disarmament negotiations. The US and Russia between them still have some 35,000 warheads, with another 1,100 or so held by China, France and the UK. Meanwhile India, Pakistan and Israel, all nuclear-capable countries, have refused to sign the NPT.

#### Rights review

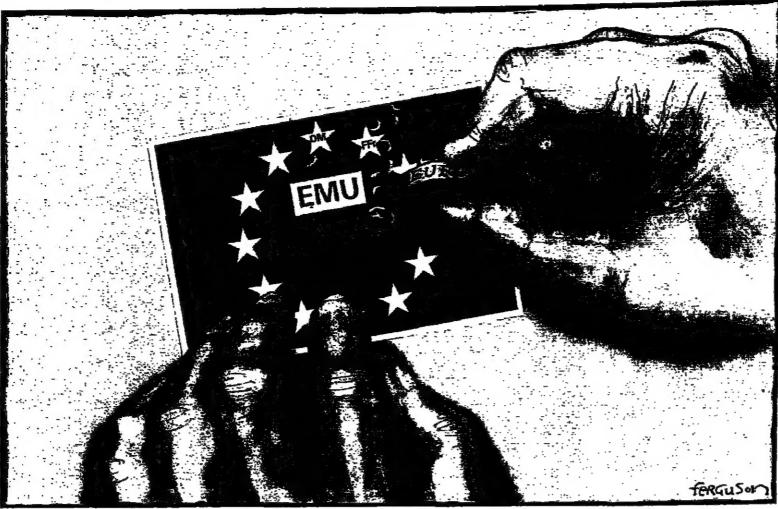
The United Nations Committee on Economic, Social and Cultural Rights meets in Geneva to 15 May to examine how signatory countries are fulfilling their human rights obligations. The five countries under scrutiny this time are Sri Lanka, Nigeria, Poland, Netherlands and the Solomon Islands. The 137-member International Covenant on Economic, Social and Cultural Rights uphoids gender equality and the rights to work, trade union activity, an adequate income and health and education. Nigeria was recently condemned by the International Labour Organisation for persistently violating trade union rights.

#### Chretien in Cuba

Prime minister Jean Chretien makes the first visit by a Canadian government leader to communist-ruled Cuba since Plens Trudeau went in 1976, at the height of the Cold War. Cuba says the two-day visit, at the personal invitation of President Fidel Castro, underscores Ottawa's close ties with Havana. Chretien's agenda will include "official conversations" with Castro and the inauguration of a new terminal at Havana's Jose Marti International airport which has been built with Canadian financing.

# Heading for the summit

EU foreign ministers meet in Luxembourg London conference on the Middle East, efforts to reduce tensions in Kosovo, and I raview research into male contraception



EU finance ministers will pronounce this weekend on which countries will be the founder members of the European single currency when it is introduced next year

next month's transatiantic summit with the US. The British presidency of the EU s hoping for a successful summit with the US which would end the stand-off over the Helms-Burton and D'Amato legislation punishing foreign companies dealing with Cuba, Libya and Iran.

#### Holidays

Bahrain", Egypt", Jordan", Lebenon", Mauritania, Oman\*, South Africa, Togo, Tunisia\*, United Arab Emirates\*, Indonesia, Slovenia, Yugoslavia.

TUESDAY 28

#### Touching bases ·

Madeleine Albright, US secretary of state, entives in Japan for a two-day visit as part of a week-long journey to Asian countries. She will meet prime minister Ryutaro Hashimoto and foreign minister Kelzo Obuchi to discuss trade Imbalances, Japan's economic reforms, and security issues including a relocation of the US military base in Okinawa. Albright is likely to press Japan for practical solutions where to construct a neliport as part of a plan to reduce US military presence in the prefecture according to an agreement in 1996.

# Men's problems

Organisation in Geneva for three days to

including the male "pill" and consider

#### Holidays

Bahrain\*, Jordan\*, Kuwait, Morocco, Oman\*, United Arab Emirates\*, Albania, Maleysia, India,

WEDNESDAY 29

#### Kyoto signing

Some 50 environment ministers and other officials meet in New York for the three-day high-level segment of the Commission for Sustainable . Development. Apart from discussing ways of moving towards sustainable development and better management of reshwater supplies, some participants also plan to sign the Kyoto protocol for tackling climate change while in New York. The UN agreement reached at Kyoto lest December committed the EU, the US, and Japan to cutting their greenhouse gas emissions by 8,7, and 6 per cent by 2010. But the curbs, expected to change fossil fuel use patterns, have no legal force until the



Statistics to be released this week

accord is ratified. The European federation of 25 states. Commission and Britzin plan to sign the accord on behalf of the European Union as the first step towards ratifying it.

#### Bank meeting

The Manila-based Asian Development Bank holds its 31st annual meeting in Geneva, with over 2,000 delegates and journalists expected from the ADB's 56 member countries. The ADB and Mitsuo Seto, its Japanese president, have come under fire for failing to take a lead in developing an appropriate response to the Asian crisis, which will obviously be the main topic of discussion at the three day meeting.

# Ff Survey

Britain's Top 100 Universities (UK editions only).

Holidays Israel, Jordan\*, Armenia.

# THURSDAY 30

# Sudan peace bid

The Sudanese government is expected to resume peace talks with rebels of the Sudan People's Liberation Army in Khartoum, Discussion is expected to constitution. The SPLA wants a north-south confederation and Sudan's

Islamist government wants to keep its

#### Slovakians try again

The Slovakian parliament makes another attempt to elect a new president for the country and settle a constitutional crisis which has lasted two months.

#### Trade lessons

The Geneva-based World Trade Organisation holds a symposium on the world trading system ahead of 50th anniversary celebrations in May of the founding of the General Agreement on Tariffs and Trade, the WTO's predecassor. Trade experts, including Fred Bergsten, Jagdish Bhagwati and Sylvia Ostry, will discuss the lessons of the last 50 years, the settlement of trade disputes, policy challenges in the 21st century and globalisation.

#### FT Survey

The Launch of Emu.

Holidays

Israel, Vietnam, Netherlands, Sweden.

## FRIDAY 1

## Emu ins and outs

EU finance ministers gather in Brussela I to prepare for an historic European

summit which will decide the founder members of economic and monetary union, the conversion rate for euro currencies, and, hopefully, appointm to the six-member executive beard of the European Central bank, The ECB appointments have been delayed because the Dutch and the French governments are sticking to their rival candidates for the top job of president; Wim Dusenberg of the Netherlands and Jean-Claude Trichet of France. On Saturday, the European Parliament will meet in an extraordinary session to give their opinion on the recommendations of EU finance ministers on which countries quality for Emu.

- Sep. 500

338 27.7

pr 300000 (m.17)

profession of the

1

WATER SHAPE

CHECKE

Eur

- July 300

· Marie

----. .

10

7.7

-i letting

and T

\*

sand.

1

n allerin -

44.76

4 1

4

Parket Section 1

沙克拉

Target Target

4,700

40

20

1

-

\*\*

WHITE &

TRUMA

... 200

- 1 - 1E-

6. 2" tar 4 } Court fore gineti

" A ALLEGE THEFE

 $\{(a_i)_i$ 

1000

Sep 2 -- 1

40 10 1

-

5-

#### Children's summit

A week-long "children's summit" bringing together children from larget and its Arab eighbours begins in the Swiss ald reacht of Villars. The summit, organised by a group called "Seeds of peace", will be attended by Queen Noor of Jordan and Shimon Peres, former Israeli prime minister. The Swiss pharmaceuticals group Novartis is acting as sponsor,

#### Talbot in Turkey

Strobe Talbot, the US deputy secretary of state, is among speakers at the New Atlantic initiative conference on Nato/ European Union expansion in Istanbul.

#### FT Surveys

International Capital Markets; Who Owns UK plc?

#### Holidays

Bangaldesh, China, India, Malaysia, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thalland, Vietnam, Mexico. Israel, Albania, Austria. Azerbaljan, Selarus, Belgium, Bulgaria, Croatla, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italym Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Norway, Poland, Portugal, Russia, Slovakia, Slovenia, Spain, Swaden, Switzerland, Ukraine, Yugoslavia, Benin, Burkina Faso, Cameroon, Central African Republic Congo", Cyprus, Egypt, Gambia, Ghana. Israel, Ivory Coast, Jordan, Lebenon, Malta, Mauritania, Morocco, Niger, Senegal, South Africa, Togo, Tunisla, Zimbabwe, Argentina, Brazil, Chile, Colombia, Mexico, Peru, Venezuela.

#### SATURDAY 2

#### Gore in Egypt

US vice president Al Gore visits Egypt for two days of taiks on bilateral co-operation.

#### Holidays

Macedonia, Russia, Slovenia, Spain, Ukraine, Yugoslavia.

\*Tentative dates, dependent on sighting of the moon.

Compiled by Roger Beals

Fax 44 171 873 3196

# ECONOMIC DIARY

# Other economic news

Monday: German import prices are reversing their upward trend of a few months ago with the annual rate to become negative in March, thanks to lower oil and other commodity prices, and the stable D-Mark. Tuesday: UK world trade data for February is released, with most forecasts for the UK's deficit to widen as the impact of the strong pound and the effects of Asia harm exporters. The CBI industrial trends survey for March is likely to show an easing in domestic demand. Wednesday: The French INSEE industry survey should show signs of improving industrial sentiment, following Tuesday's strong trade balance and GDP figures earlier in the week. Thursday: Estimates for first quarter real GDP in the US may show a strong drag from the US's widening trade gap, helping keep the annual rate of growth around 3 per cent. The first quarter Employment Cost Index is also published. Friday: The US NAPM survey for April is expected to weaken after the strength of purchasing during March, with lower new orders and production components

Day Released	Country	Eponomic Statistic	Median Forecast	Previous Actual	Day Reinated	Country	Bornomic Statletic	Median Forecast	Previous Actual
Мол	France	Q4 final gross domestic product***	-0.8%	0.8%		US	Q1 employment cost index - civilien***	1.0%	1.0%
Apr 27	US	Mar existing home sales	4.55m	4,75m		US ·	Q1 employment cost index - civilien**		3.3%
	Japan	Mar industrial production	-2.8% .	-3.8%		US	Inttial claims April 25		317k
	Japan	Mar shipmentalt		-4.2%		us ·	Stata benefita April 18		2174k
	Japan	Mar retail scies**	-17.5%	-5.5%		Canada	Feb real GDP - factor cost*	0.8%	-0.7%
Tues	Japan	Mer unemployment rate	3.8%	3.8%	N.# 1:	us :	Apr Chicago purchasi managers index	58.3%	. 59,5%
Apr 28	France	Mar household consumption†*	-0.2%	-3.2%		US	Apr agricultural prices		2.0%
	UK	Feb global visible trade -	-£1.9bn	-£1.1im-	Pil	Japan	Apr consumer price index (Tokyo)**	0.7%	23%
	UK	Ner sx-50 visible trads	-£1.2bn		May 1	Japan	Mar consumer price index (netion)***	21%	. 1,9%
	UK	Mer EU harmonised cons' price indx	· ;	1,5%	77.	Japan	Mar overes personal cons'r exp'ture**	-9.1%	. 4.5%
	UK	Apr OBI quarterly trends		· N/A:		Japan :	Apr automobile sales*		-20.7
	US	Mer durable orders	0.7%	-1.7%	****	·UK	Mar consumer credit	21.0bm	£1.0b
	us	Mer durable shipments		2.2%		UK .	Apr Chart Inst of Purchasing Managers		52.29
	Canadis -	Mar department store sales**	10.4%	11.4%		·US··· , ·	Mar personal income	0.2%	0.6%
	US	BTM-Schroders Apr 25		0.1%	<u></u>	US	Mer personal consumer expenditure	0.3%	0.4%
•	US	Apr consumer confidence	135.0	134.3	· . · · -	US	Apr Nat' Ass' of Purchasing Managers	54.0%	54.8%
Weds	France	Apr industrial survey	26 .	25		US	Mer construction spending	0.4%	0.3%
Apr 29	US	Mer new homes sales	. 870k	883k		US	Apr Michigan Sentiment lines	108.0	108.0
Thurs :	Japan	Mer construction orders**		-0.8%-		US	Apr domestic automobile sales	6.8m - '	6.8m
Apr 30	Jupan	Mer housing starts**	10.8%	-13.6%		US	Apr domestic light truck sales	6.0m	6.5m
	France	Mar unemployment rate	12.1%	12.1%	During t	the week.			
	Italy	Feb EU trade belence		1,0.4tn		Germany	Mar Import prices"	-0.4%	-0.3%
	Italy	Mer ex-EU trade balance		L1.5m		Germany	Mar import.prices**	-0.3%	0.1%
	US	Q1 gross domestic product advance,	3.5%	3,7%		UK -	Mar official reserves		NA
	US	O1 GDP chain price index	1.3%	1.4%	"necestin con mo	ontin, "year or	year, "Oter on oter, (semacrally adjusted S	afalka, Stand	nd & Poor!

**ACROSS** 1 Smoker caught man taking French marshal's riding arness (7,5)

16 Companion in love delivers flowers (7) 11 A colonel yet bothering to be a church attendant (7) 12 When embraced by a child, cheers? (5)

18 One sweeping round each area used by dancers (8) 15 After a mile turned round and speed is better (10)

16 You once returned it as something abominable (4) 18 What a batsman won't want to avoid (4) 20 Sets up test in situ, at sea

Striking play – it's backed by leading company (8)
Holiday resort where it's a hundred and four, perhaps (5)

17 Supply a front door key to the enclosure (8)
18 Being kind to one top comic is best! (7) 22 Striking play – it's backed by leading company (8) 24 Holiday resort where it's a

2 Man about to weed 10,000 sq metresi (7) 3 Support a broken tin pipe externally (8) 4 Letters said to provide comfort (4) 5 Solid dripping for cattle it's a new concoction! (10) 6 To everyone encircling an

DOWN

island ....(3)
7 ....it's the space into which a locker fits (7)
8 The missing seamen, disheartened, were easily defeated (4,5,4)

9 Red praises mum for cook-ing something containing eggs (8.5) 14 Brevity of ploughing in ten

(a)

26 Film you and I on back of boat (7)

27 They'll talk of making room for a torso inside (7)

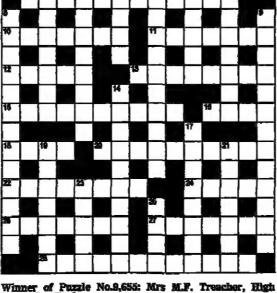
28 Zee cuts Peter when tossing a pancake (5.7)

Comic is best! (7)

21 Crowd go on strike (7)

23 Jack Lee transplanted a tree (5)

25 A little pot of uncooked cheese substitute? (4)

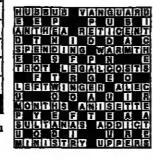


MONDAY PRIZE CROSSWORD No.9,666 Set by GRIFFIN

Name Address



Solution 9,655



A magnum of Laurent Perrier Ross champagne for the first correct solution opened. This price is available only to winners living in England, Scotland and Wales. Winners with overseas addresses will receive a stainless steel FT deak clock. Solutions by Thursday May 7, marked Monday Crossword 9,958 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday May 9. Please allow 28 days for delivery of prices.

JOTTER PAD

NOMURA ASIAN INFRASTRUCTURE FUND SICAY R C. Livernbourg B 34 248 Ingistered Office . 6, oversue Emile Route; (-2420 Luseymbr

lation is hereby given to the shareholders, that the ANNUAL GENERAL MEETING es of NOMURA ASIAN INFRASTRUCTURE FUND will be held at the registered office on Monday May 4th 1998, at 10:00 a.m., with the following agenda:

Submission of the reports of the board of directors and of the auditor. Approval of the annual accounts and of the statement of operations as at December 31 at 1997; appropriation of the results. Discharge of the directors and auditor Statutory appaintments.

The Shoreholders are advised that no quantum is required for the items on the agenda of the annual general meeting and that decisions will be taken on simple majority of the shares present or represented at the meeting. In order to attend the meeting of NOMURA ASIAN INFRASTRUCTURE FUND, SICAV the owners of bacter shares will have to deposit their shares five clear days before the meeting at the registered office of the company or with NOMURA BANK (LUXEMBOURG) S.A., 6 evenue Emile Reuter,

The Board of Directors

Notice to the Noteholders of

**FS INNOVATION** ¥2,000,000,000

Nil Coupon Secured Mandatorily Exchangeable Notes due 2004

exchangeable for shares of common stock of **FOCUS SYSTEMS CORPORATION** "Resetting of Exchange Price"

NOTICE IS HEREBY GIVEN pursuant to Condition 14 of the Terms and Conditions of the Notes that the Exchange Price (as defined in Condition 4.1.3 of the Terms and Conditions of the Notes) shall be reset as follows effective as of April 27, 1998 (Japan Time) in accordance with Condition 4.1.3 Ition 4.1.3.

Exchange Price before resetting: ¥1,000 per Share Exchange Price after resetting: ¥701 per Share The Chase Nembettan Senk on behalf of PS INNOVATION

April 27,1998